Austria Sch22	Indonesia .. Rp3100	Portugal Esc100
Bahrain .. Din0.650	Israel NS3.50	S.Arabia .. Rls7.00
Belgium BFr48	Italy L1600	Singapore .. S$4.10
Canada ...... C$1.00	Japan Y600	Spain Pta125
Cyprus ...... C£0.75	Jordan Fils500	Sri Lanka .. Rup30
Denmark .. DKr9.00	Kuwait Fils500	Sweden SKr9.00
Egypt ...... E£2.25	Lebanon $L125.00	Switz SFr2.20
Finland .. Fmk7.00	Lux LFr48	Taiwan ...... NT$85
France FFr6.50	Malaysia .. Rlo4.25	Thailand Bht50
Germany .. DM2.20	Mexico Pes300	Tunisia ... Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong.. HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway .. Nkr10.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Ø No. 30,437 Thursday January 14 1988 D 8523 A

European economies lower sights for growth, Page 2

World News

Thatcher backs Nato summit call

British Prime Minister Margaret Thatcher endorsed a call for a summit of Nato heads of government to be held before President Ronald Reagan meets Soviet leader Mikhail Gorbachev in Moscow this summer.

Her backing reflected concern among European governments that Mr Reagan should not agree to further nuclear arms cuts in Europe without agreement on the balance of conventional weapons. **Page 14**

Iranians have more missiles, says US

Iran had received a new shipment of Chinese-built Silkworm missiles which could be used against ships in the Gulf war zone, US defence and intelligence officials said in Washington.

They said the missiles arrived on an Iranian merchant ship from North Korea and were "an apparent delivery of previously agreed sales by China."

Reagan taken ill

President Ronald Reagan was up for part of Tuesday night suffering from nausea and vomiting caused by a stomach upset, a White House spokesman said, but his doctor had found no evidence of "anything other than gastroenteritis."

Gorbachev for Uruguay

Soviet leader Mikhail Gorbachev planned a tour of Latin America, beginning in October and taking in Uruguay and probably also Argentina, Brazil, Cuba, Mexico, Nicaragua, Peru and Venezuela, Uruguay said.

US-Soviet mine hunt

Soviet Gulf forces asked the American Navy to help them hunt a mine, which the Soviet forces eventually blew up, US Senator Arlen Specter said.

Spanish air strike

Spain's state-owned airline Iberia cancelled 146 European and domestic flights for today because of a 24-hour strike by pilots over working hours.

Baltic pact hits Danes

Settlement of a Swedish-Soviet territorial dispute in the Baltic Sea would seriously hit Danish fishing, Denmark said and it called for talks between the EC and Sweden to review existing fishery agreements.

N-protest broken up

Police used clubs and water cannon to drive off 500 West German demonstrators who tried to block the loading of spent nuclear fuel rods in Luebeck harbour. **Waste scandal spreads, Page 2**

Sri Lanka killings

Four civilians, a soldier and three rebels were killed when guerrillas ambushed troops in a crowded market about 160km south of Colombo.

Afghans 'down arms'

More than 40,000 former Afghan rebels had downed their weapons, a further 114,000 had agreed to observe a ceasefire and 116,000 refugees had returned home, Tass said

Tanzanian quarantine

Parts of western Tanzania were placed under quarantine to halt the spread of cholera along the shores of Lake Tanganyika where 90 people have died of the disease since November.

Connie Mulder dies

Dr Connie Mulder, a potential South African premier who fell from grace in an information fund scandal, died in Johannesburg aged 62. **Page 3**

Corruption 'hot line'

The Mexican Government said it would set up a "hot line" for citizens to report corruption among public officials to stem traditional theft of public funds by officials during the final year of a presidential administration.

Business Summary

France puts limit on campaign spending

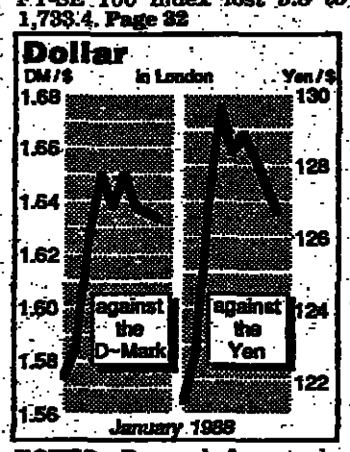
FRENCH Cabinet has accepted a package of draft laws to regulate the finances of France's political parties, including a FFr100m ($18.1m) ceiling on each candidate's expenses in the first round of the forthcoming *Presidential elections*. **Page 2**

DOLLAR closed in London at DM1.6335 (DM1.6350); FFr5.5125 (FFr5.52); SFr1.33 (SFr1.3345); Y126.60 (Y127.40). **Page 25**

STERLING closed in London at $1.8250 ($1.8210); DM2.98 (DM2.9775); FFr10.06 (FFr10.0525); SFr2.4275 (SFr2.43); Y231.0 (Y232.0). **Page 25**

WALL STREET: The *Dow* Jones industrial average closed down 3.82 at 1,924.73. **Page 36**

LONDON: Trade in UK equities fell into limbo as the dollar softened further anticipating tomorrow's US trade news. The FT-SE 100 index lost 5.8 to 1,733.4. **Page 32**



TOKYO: Demand for stocks was dampened by the overnight fall on Wall Street and the yen's renewed strength. The Nikkei average weakened 300.06 to 22,324.99. **Page 36**

JAPAN is to launch a comprehensive range of futures and options markets in Tokyo later this year. **Pages 14, 17**

EUROPEAN Commission has issued corrected figures for steel output quotas for the first quarter of 1988. The limit on hot rolled coil is 3.83m tonnes, and 3.16 tonnes for cold-rolled sheet. **Page 2**

SPAIN'S registered unemployed topped 3m *for the first* time last month. **Page 2**

JAPAN is to help Egypt finance a thermal power station at Assiut through a $86m "soft" loan agreement. **Page 4**

BRAZIL is reported to have doubled its estimate for inflation in 1988 to 236 per cent. **Page 4**

CHINA'S central bank said there would be enough funds *for joint* ventures with foreign companies, despite a proposed cut in money supply. **Page 4**

UK Department of Trade and Industry is to spend more than £250m ($456m) on consultancy services for small businesses in the next three years. **Page 6**

UK banks' interest rates on credit cards are too high, says the National Consumer Council, consumer protection body.

SANOFI, French pharmaceuticals group which has made a $600m offer for bankrupt US drugs group A.H.Robins, said it would fight an improved $700m bid from American Home Products. **Page 15**

E-II HOLDINGS, Chicago-based consumer products and food group, suffered a third-quarter deficit of $131.9m, largely because of an unrealised $147.5m loss on its securities portfolio in the October market crash. **Page 15**

DIXONS, UK electrical retailer, is forecasting disappointing profits for its current year-ending April because of an 8 per cent drop in sales since the stock market crash in October. **Page 18**

ELDERS IXL, master company of the group headed by John Elliot, the Australian entrepreneur, and Transamerica Financial, US finance and insurance group, this week launched international bank financings totalling $1bn. **Page 17**

Day of confusion undermines UK political merger

David Steel: relaxed approach may endanger political future

THE political future of Mr David Steel, leader of Britain's Liberal Party, was thrown into serious doubt last night as *plans to merge the party with* the Social Democratic Party hit deadlock **writes Michael Cassell, Political Correspondent, in London.**

Twenty-four hours of escalating confusion, together with the growing threat of open revolt among Liberal Members of Parliament over a merged party's policy, ended with an announcement that negotiations had broken down.

The Liberals and Social Democrats have *long sought, either* separately or together, to break Britain's traditional political dominance by the Conservative and Labour parties.

The deeply damaging and embarrassing events stemmed directly from fierce opposition within the Liberal party to the *details of the policy document* privately drawn up by Mr Steel and Mr Robert Maclennan, the SDP leader.

The document, which forms an integral part of the merger package scheduled to go before the two parties' *special conferences* later this month, includes a commitment to maintain Trident as the backbone of Britain's nuclear defences and to consider extending value added tax to childrens' clothing, *food and fuel.*

The policy statement, which was agreed after a late-night session at Westminster on Tuesday, drew immediate condemnation from some of Mr Steel's closest colleagues.

Mr Des Wilson, the former Liberal president, said the document was "*barely literate and* politically inept" and warned that he could not support a merger under such terms.

Mr Alex Carlile, a Scottish MP and Mr Steel's nominee on the joint negotiating committee, *said the document contained* some "loopy" ideas which he could not accept.

In an attempt to stem the growing revolt, Mr Steel held immediate discussions with his MPs and party officials, who made it clear *he had gone too* far in accepting highly controversial policies upon which they had not been consulted.

The Liberal leader, having agreed a statement with Mr Maclennan, only to find that it proved totally unacceptable to his colleagues, had no other *choice but to call a halt to the* merger process.

A Westminster press conference called to unveil the policy statement was cancelled without notice, but the document was published, only adding to *the impression of confusion.*

The extraordinary events gave rise to doubts about Mr Steel's continuing leadership of his party, with MPs suggesting his relaxed approach to the negotiations had inevitably, and possibly catastrophically, seen him lose touch with the views of his colleagues.

Steel profile, Page 5
Continued on Page 14

Robert Maclennan: way ahead looks blocked by impasse

BAT's $4bn bid for US group biggest in insurance history

BY NICK BUNKER IN LONDON

BAT INDUSTRIES, the tobacco-based multinational, launched the biggest international takeover bid in insurance history yesterday with a $4.2bn cash offer for Farmers Group, one of the top 10 US property/casualty insurers.

The offer of $60 per share by the London-based conglomerate for the group represents a premium of 36 per cent to Farmers Group's closing price of $43 on the US Nasdaq over-the-counter market. Farmers Group's shares climbed to $54.75 in New York yesterday.

The offer, which has not been agreed, came nearly three months after Mr Patrick Sheehy, BAT chairman, first wrote to Mr Leo Denlea, Farmers Group's chairman, on October 21 suggesting a takeover by the British company.

Mr Sheehy told reporters in London yesterday that Farmers had turned down the suggestion in October.

"The company felt that it was perfectly able to manage its own affairs and expand its operations. *It* wasn't that they specifically didn't like us. They didn't want anybody."

Mr Sheehy said he hoped the proposed deal would still prove to be a friendly one. BAT – which reported pre-tax profits *of £1.02bn ($1.8bn) for* the first nine months of 1987 – said it aimed to finance it with cash and borrowings. It has asked Mr Denlea to reply by January 22 to the offer, which was contained in a letter delivered to Los Angeles-based Farmers at 4pm California time on Tuesday.

However, Mr Sheehy said Farmers had adopted "some poison pill measures" including increased share option arrangements for directors and measures to reduce their liability in the event of a takeover.

BAT'S TRADING PROFITS: percentage contribution by sector

Sector	Without Farmers Group	With Farmers Group
Tobacco	50	44
Retailing	14	12
Paper	14	12
Fin services	19	30

based on 1986 figures for both groups Source: BAT

BAT said that, even if agreed now, the deal could not be fully completed until the latter part of this year, because it would need to be approved by insurance commissioners in at least nine states.

At the present price, the bid would raise the group's net *debt/equity, but it* "would be unlikely to exceed 70 per cent and would reduce rapidly as a result our own strong cash flow," BAT said.

With more than $5bn of annual property/casualty premiums, Farmers is the seventh biggest company in America's $191bn property/casualty insurance market. But it ranks third in the nation's private motor and household insurance business after State Farm and Allstate, two of the world's biggest insurers.

BAT said its plan for Farmers was to develop the sales potential of the group's 14,000 direct sales agents, which cover 26 states but are heavily concentrated *in states west of the Mississippi*, partly by broadening their geographical spread.

But BAT would also aim to build up the group's life insurance business, which made up for only $66m of the group's $147m post-tax profits in 1985. "The objective is to drive a higher degree of life business through that very large sales force," said Mr Brian Garraway, deputy-chairman.

Farmers is not a conventional insurance company. It runs one of America's 50 so-called "reciprocal" insurers, meaning that it acts as "attorney-in-fact", managing a series of co-operative property/casualty insurance pools in return for a fee of 13 per cent of premiums.

BAT said this enabled Farmers Group to manage some of the effects of US property/casualty insurance industry's notoriously harsh underwriting cycle. In the early to mid-1980s, a long price war helped lead to colossal *losses for US insurers.* In 1985, the industry plunged into the red with a $5.5bn pre-tax operating loss.

"We believe that Farmers Group has not reflected the extreme cyclical effects which are *concentrated* in the commercial lines of business," said Mr Garraway.

BAT has publicly indicated for more than 18 months that it was contemplating a big acquisition in US retail financial services.

BAT's strategy, Page 12; Lex, Page 14; Company profile, Page 18

Taiwan set to continue policies of Chiang

By Bob King in Taipei

PRESIDENT CHIANG Ching-kuo of *Taiwan died yesterday*, apparently of a heart attack. He was 77 and had been president since 1978.

He is succeeded by Lee Teng-huei, the vice-president.

Lee, a native-born Taiwanese *who was trained as an agricul*tural economist in Japan and the US, is not thought to control any major power-oriented faction.

He is widely respected as an intelligent and genial man.

Analysts believe he will govern – at least in the short term – by advice and consent, with major figures placed in power by Chiang making most of the decisions.

This would mean a stable continuance of Chiang's policies, which called for increasing political liberalisation and making Taiwan's economy more international.

Chiang's death has again raised the question as to what will happen to the country and the relations it has with China.

Much of what Chiang set in motion cannot easily be undone without inviting social instability - which Taiwan's leaders and people profess to fear above everything.

In recent years Chiang had successfully blocked various power groups whose interests might have made his goals harder to achieve.

A leader of one group, a general whose ambitions were *thinly disguised*, was *packed* off to a remote diplomatic post and dropped from the party's Central Standing Committee.

In place of potential adversaries, he placed younger and more progressive people who cannot easily be dislodged.

If Chiang's legacy is a more

Obituary: Page 3
Continued on Page 14

US and Japan to co-operate in support of $

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

THE US and Japan have moved to increase their co-operation in supporting the dollar on the foreign exchange markets, officials of President Ronald Reagan's administration indicated yesterday.

In a joint statement issued by President Reagan and Mr Noboro Takeshita, the Japanese Prime Minister, following their meeting in Washington yesterday, the two leaders said that Japan has agreed, while prices are stable, to maintain a monetary policy stance which will "accommodate declining interest rates".

The statement added that the two nations' monetary authorities are "co-operating closely on exchange markets and have developed arrangements to ensure the adequacy of resources for their co-operative efforts."

The joint statement appeared to be designed to indicate that a new *bilateral understanding* had been reached which would ensure that Washington would have increased access to foreign exchange reserves in order to support the higher level of intervention which it appears to have been undertaking recently in support of the dollar.

But a senior Reagan administration official refused after the meeting between the two leaders to give even a general description of what was being done. He said a variety of mechanisms to bolster US foreign exchange reserves could be included, citing as an example a decision by the US to swap special drawing rights (SDRs) for yen in order to increase the amount of yen which Washington has on hand to purchase dollars in the markets.

The implication of the statement is that some new initiative to increase US foreign exchange reserves has been reached with Japan, but the official refused to confirm this or whether it has already been activated.

The essential point however is that by indicating that Washington is exchanging its assets – SDRs – for yen ,the US is also signalling that it is shouldering the exchange risk from its intervention and by implication signalling its determination to stabilise the dollar.

On the issue of currency stability the joint statement said: "to achieve sustained growth as well as to foster exchange rate stability, the Bank of Japan agrees under the present stable price conditions, to continue to pursue the current policy stance and to make efforts to accommodate declining short term interest rates."

The joint statement will add a new element of uncertainty to the foreign exchange markets which have been anxiously awaiting the US trade figures for November, and seems designed to reinforce the warnings which US officials have been *issuing* this week to foreign exchange speculators about the risk of selling dollars in the face of the authorities' very public attempts to stabilise the US currency.

On other economic issues *which were discussed by the* two leaders, US officials backed away yesterday from earlier suggestions that an agreement was imminent on the dispute concerning the access of US construction companies to Japanese *public sector construction* programmes.

Dollar plunges, Page 3; Money markets, Page 25

Murdoch raises Pearson stake but denies plans for full bid

BY PAUL BETTS IN PARIS, ALAN FRIEDMAN IN MILAN AND RAYMOND SNODDY IN LONDON

MR RUPERT MURDOCH, the international media magnate, has increased his stake in Pearson, owners of the Financial Times, to about 20 per cent by acquiring a 4.9 per cent block of Pearson shares from Mr Carlo de Benedetti, the Italian businessman.

But Mr Murdoch said he had bought the shares because they were a good investment. He had "*no intention or ability to make* a takeover offer (for Pearson) in any way, shape or form."

The News International chairman, who was speaking from his home in Aspen, Colorado where he is recovering from a skiing injury, said he wanted to take his Pearson stake to 20 per cent because it would allow him to "equity account" – include the same proportion of Pearson's profits in his own profit and loss account.

"We will never go above 25 per cent," *he said. "I don't see it* ever being possible to take over the Financial Times."

A Murdoch stake of more than 25 per cent would almost certainly result in a reference to the UK Monopolies and Mergers *Commission* because of his existing newspaper interests in Britain. He already owns five national titles.

He also said that he had no plans to combine with anyone else to try to take over the *Financial* Times.

"If anyone came along and offered for 100 per cent of Pearson I would have a place at the table," he said.

He said that the shares had been bought at 827p ($15) valuing the deal at around £94m. Last week the market value of Pearson's shares was about 700p.

Mr de Benedetti said yesterday that before selling he had first offered the block of shares at the same price to Mr Michael David-Weill, the Lazard partner on the Pearson board, who has a 10 per cent stake in the information and industrial group, and to Lord Blakenham, the Pearson chairman. Both had declined.

Mr Murdoch's stake in the Pearson group was yesterday cited by the French Government as a possible reason for reviewing Pearson's agreement to buy Les Echos, a leading French business daily newspaper.

Mr Edouard Balladur, the French Finance Minister, indicated at a Cabinet meeting that the Ministry's necessary approval of the sale of Les Echos was "not automatic".

Last night he said that a review of the sale of the paper would be conducted "with a desire to avoid either excessive nationalism and dirigisme, or excessive casualness. The law allowed him up to two months to make a decision.

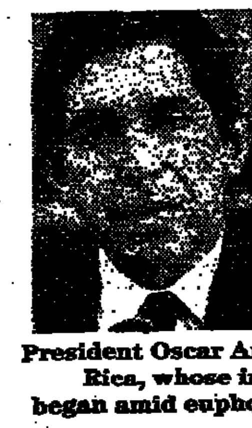
Cerus, Mr de Benedetti's French holding company, yesterday confirmed the sale of the 10m Pearson shares bought last May from an associate of the Hong Kong Hutchison Whampoa trading group for £62m.

In Milan Mr de Benedetti explained how, after Mr David-Weill had declined last Saturday the offer of the block of shares, he had called Lord Blakenham.

"*Blakenham asked me* if I would be willing to sell to any investor he named and I said that would be fine," Mr de Benedetti said. "But when we spoke again on Sunday evening he was unable to come up with a buyer. He thanked me, how-

Continued on Page 14

CONTENTS



CENTRAL AMERICAN PEACE PLAN RUNS OUT OF STEAM

President Oscar Arias, of Costa Rica, whose initiative began amid euphoria, Page 14

هكذا من الأصل

Financial Times Correspondents *in five countries assess the outlook for the year as seen by governments and independent forecasters*

European economies lower their sights for growth in 1988

THE OUTLOOK for Europe's economies has been clouded by the October equity markets crash and the sharp fall of the dollar. FT correspondents offer forecasts for five leading European economies.

FORECASTS FOR the West German economy have grown steadily more pessimistic over the past month, **writes David Marsh in Bonn.** The Government, when it makes public its 1988 projections at the end of this month, will find it hard to justify maintaining its *forecast of 1.5 to 2 per cent growth.*

Unemployment, which stood at 2.31m at the end of December, looks likely to grow on average to above the 2.35m predicted by the most pessimistic forecasters. The Government's admission that the federal budget deficit this year will be at least DM40bn (£13.4bn) – an *overshoot of 33 per cent on the* figure adopted by Parliament at the end of 1987 – has gravely upset fiscal policy calculations.

The only bright spot is inflation, which will be dampened by low economic growth. But the absence of price rises is not producing the upsurge in capital investment on which the Government had been pinning its hopes.

● For the first time in decades Britain's economy has been outperforming that of every other major European country, **writes Philip Stephens, Economics Correspondent.** That proud boast has been on the lips of every government minister for more than a year.

There is a reasonable chance that the same will be true in 1988. But in absolute terms, Britain's performance is likely to be significantly worse than last year's, and there are signs that the all-too-familiar problems of a deteriorating trade position and upward pressure on inflation may reappear.

The figures for 1987 are certainly impressive. Output is estimated to have risen by 4 per cent, or possibly more, double the rate in Europe's other big economies. Inflation was relatively subdued at just over 4 per cent, productivity has soared and exports remain buoyant.

The momentum of that growth is expected to carry forward into the first few months of this year. October's stock market crash appears as yet to have had little impact on booming domestic demand.

There is far less confidence, however, that the pace can be sustained throughout the year. Most independent forecasters see the annual rate of output growth slowing to around 2 per cent or less in the last few months of 1988.

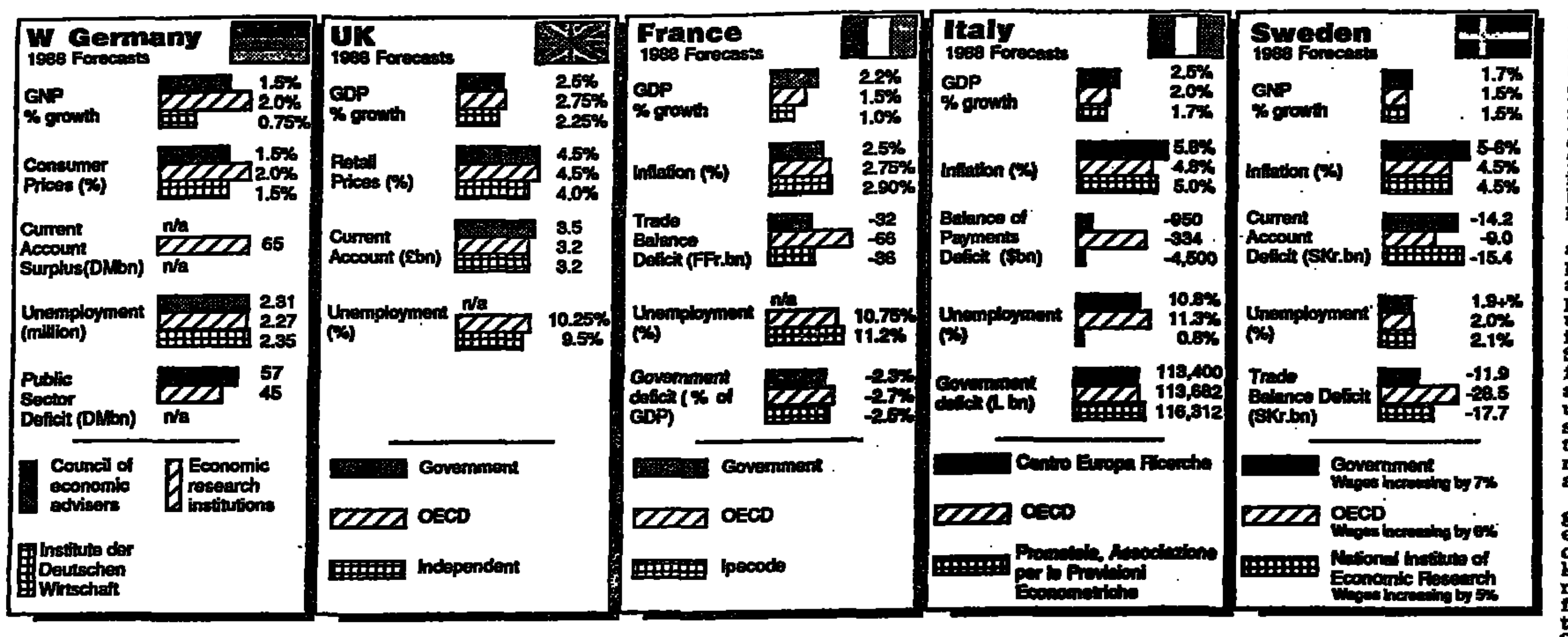
Retail price inflation is expected to remain relatively steady *at around present levels for the* immediate future. But the combination of higher earnings (rising by 8 per cent a year on average) and a forecast slowdown in productivity growth point to problems for the medium term.

The deterioration in relative costs, and still-vigorous consumer spending, also point to a worsening current account position as exports weaken and imports rise strongly. Both Treasury and independent forecasts point to a current account deficit of more than £3bn in 1988, with the trend worsening markedly in the second half.

● It is not unusual for French government projections to be more optimistic than those of outside forecasters, but the gap is now wider than usual, **writes George Graham in Paris.**

Nor is the divergence fully explained by the fact that the Government published its forecasts along with the 1988 budget in mid-September, while the forecasts from the OECD and the independent economic research house Ipecode have been carried out in the light of the stock market crash and the dollar's continued fall, two factors expected to weigh heavily on demand for French goods.

Certainly, the three forecasts disagree about the prospects for exports this year. The Government, which has made no revision to its projections since September, foresees export growth of 4.5 per cent, outweighing a 3.7 per cent rise in imports and stabilising the trade deficit at FFr 32bn (£3.2bn). Many other private forecasters have been seduced by the Government's optimism on export prospects.



For Ipecode, both imports and exports are likely to grow by around 3.3 per cent, bringing a slight deterioration of the trade *deficit to FFr 36.3bn.* The OECD is more gloomy on this front, believing that better price competitiveness may not be enough to offset the slowness of French industry to adapt to changing demand patterns.

With little disagreement about the probable slowing of private consumption, and relative harmony on the continued buoyancy of corporate investment, a good deal of the divergence comes down to the effects of stockbuilding.

Unlike most other major industrial countries, which have in recent years seen only subdued movements in stockbuilding, France has seen an extravagant growth in stocks in the past two years.

Last year stockbuilding probably accounted for more than half the estimated 2.1 per cent growth in gross domestic product, according to the state economics institute, Insee, which expects significant stock formation in the first half of 1988.

Others are more cautious, and feel that after three consecutive quarters of strong stockbuilding in 1987 this element can only have a negative impact on growth this year.

● Forecasters are unanimous in expecting slower growth for the Italian economy, **writes John Wyles in Rome.** Output rose by around 3 per cent last year thanks to strong domestic demand offsetting sluggish export growth. Domestic demand is expected to fall *below 3 per cent and little off*set is expected from major export markets in Western Europe and the US.

Italian exports struggled to hold their own in world markets in 1987 although shipments picked up to an annual rate of around 3 per cent in the second half of the year. Manufacturers are complaining that rising costs are eroding margins and competitiveness and many are hoping to see a lira devaluation soon.

For the moment, both the Bank of Italy and the Treasury are resisting any such move. The authorities have taken advantage of the lira's wider (6 per cent) margin of manoeuvre within the European Monetary System to "pilot" a small down*ward adjustment and regard* that as sufficient for the time being.

The principle economic problem remains that of controlling and funding the public deficit which will push government debt this year slightly above the value of GDP. The Government's deficit target would amount to *9.9 per cent of GDP,* but there is considerable scepticism about whether it can be achieved.

● Sweden's economic outlook will depend on how generous a wage settlement the unions secure, **writes Sara Webb in Stockholm.**

The Government wants to keep increases down so that inflation is kept under control and Sweden does not lose its competitiveness in export markets. Ideally, it wants pay rises held to 4 per cent and has indicated that it will set cash limits in the public sector, with increases above 4 per cent being compensated for by higher productivity.

More realistically, wages look as if they will rise by 6 to 6.5 per cent in the public sector and more than 7 per cent in the private. With the small bakers' union securing an 8.5 per cent increase recently (so that Swedes could be sure of getting fresh bread on Mondays and after public holidays), the other unions are unlikely to settle for significantly less. It looks, therefore, as if this spring's negotiations will be difficult and marked by strike threats.

Gross national product growth in OECD countries is expected to be just above 1 per cent, and Sweden's *export* markets are not likely to grow by more than 2 per cent. Demand from Norway and Denmark – two important markets for Sweden – has been falling. The international economic uncertainty is a real worry for Swedish exporters.

Certain sectors could be hurt by the dollar's fall, particularly forestry which faces competition from North American groups.

Though economic uncertainty may help stimulate personal savings and curb the boom in private consumption, Monday's budget proposals came as a disappointment because they lacked definite measures to restrain the latter. The boom has caused imports to rise while exports have not grown as rapidly. The Social Democratic Government is unlikely to risk any controversial measures as it faces a general election in September.

Goria faces new threat to coalition

By John Wyles in Rome

ITALY'S governing parties were yesterday trying to build fresh supports under the tottering coalition led by Mr Giovanni Goria, the Christian Democrat, after a humiliating parliamentary defeat for one of the government's budget proposals.

The setback neatly encapsulated many of the woes currently afflicting the Italian government and political system: it was facilitated by the system of secret votes and thus highlighted the case for political reform; it was delivered by 70 to 80 Christian Democrats voting against the government, underlining the weakness of commitment to the present government in sections of the dominant party, and it was over an issue of patronage over which there is more than a little jealousy among the parties.

For a time after the Tuesday *evening vote in the lower* house, the Camera, it seemed that the ill-fated government might even be rocked by a resignation, so vivid was the anger of Mr Rino Formica, the Socialist Minister of Labour. He had sponsored the proposal to shift more than L1,000bn of unused funds from house construction to job creation measures for the Mezzogiorno which would be supervised by his Ministry.

He fulminated against the Christian Democrats and the Communists who had voted it down but was calmed by a meeting of the Socialist executive yesterday. His party leader, Mr Bettino Craxi, made it clear that he was not about to bring the government down – at least, not before the troubled 1988 budget passes through parliament – and that the enfeebling of the Goria government was entirely due to the Christian Democrats.

Judging from yesterday's declarations, the parties are now looking for no more from the Goria government than passage of the budget. It is universally judged too weak to handle the political and institutional reforms which are then set to become the dominant political issue. At the same time, the leading political question after the budget will be the role, if any, to be played in government by the Christian Democrat leader, Mr Ciriaco De Mita.

EC bank reform 'too modest' say leading bankers

BY WILLIAM DAWKINS IN BRUSSELS

A EUROPEAN Commission plan to allow banks to do business *freely across the Community* does not go far enough, leading banks said yesterday.

But Lord Cockfield, the European Commissioner responsible for the scheme, adopted by the Brussels authorities yesterday, insisted it was an important step forward to establishing the basis of a Europe-wide banking service.

The measures, which Brussels hopes member states will approve by the end of the year, allow banks conforming to certain basic qualifications to open branches in any member state without needing local licences.

At present banks have to set up local subsidiaries under local regulations to do business in other member states.

The Banking Federation of the European Community yesterday welcomed the prospect of more open competition, but pointed out that the draft directive still allowed national authorities to impose tougher rules on their own domestic banks. It simply obliges member states to accept bank branches conforming to its provisions.

"It is like saying everybody is equal but some people are less equal than others," said Mr Umberto Burani, the federation's secretary general.

He also criticised proposals to give banking authorities tempo*rary scope to set their own* rules on the provisions all banks in their territories should set aside for risks on their securities businesses. This was "a breach of the general principles of mutual recognition and home country control," said the federation in a letter to Lord Cockfield.

The proposals are likely to be welcomed by member states with the most developed banking industries likely to benefit from open competition. But they could raise anxieties from countries with relatively protected banking sectors like Italy, Spain, Greece and Portugal.

They cover many banking and related activities extending to mortgages, credit cards, guarantees, fund management and securities dealing. They do not, to the banking federation's disappointment, include investment banking, the management of holding companies or insurance broking.

Anxieties have also been raised by a proposal to allow non-EC banks to set up subsidiaries in the Community only if their own banking authorities offer reciprocal access to EC banks.

Jakes rebukes Dubcek

BY LESLIE COLITT IN BERLIN

CZECHOSLOVAKIA's new Communist Party leader, Mr Milos Jakes, yesterday refuted the *claim by Mr Alexander Dubcek,* the Prague leader deposed in 1969, *of a "profound connection"* between his attempts at political and economic liberalisation 20 years ago and the current Soviet reforms.

Mr Jakes, who last month replaced the ageing Mr Gustav Husak as party leader, said the Soviet Union and Czechoslovakia were "following the same *path.*"

His comments follow his first talks in Moscow with Mr Mikhail Gorbachev, the Soviet leader. He said they had identical views on the crisis of 1968.

In an interview published in the Czechoslovak media, Mr Jakes said both countries wanted to speed up their social and economic development through the "restructuring and democratisation of society."

Although Mr Jakes did not refer to Mr Dubcek by name, it was evident that he was replying to the ex-leader. Mr Dubcek had told the Italian communist *newspaper l'Unita that he wel*comed Mr Gorbachev's economic and social reforms – *glasnost* and *perestroika.*

US admits Star Wars differences

By Robert Mauthner, Diplomatic Correspondent

THE US yesterday conceded that serious differences between Washington and Moscow had to be overcome before an agreement on reducing strategic nuclear weapons *could be reached.*

Mr Max Kampelman, the chief US arms control negotiator, said on arrival in Geneva for what he termed a "decisive" round of talks on cutting long-range nuclear missiles that there were no guarantees of success.

Mr Kampelman, who was speaking at a news conference on the eve of the resumption of the arms control talks after a break of nearly eight weeks, said the US delegation would negotiate "seriously, constructively and in good faith." However, if no agreement could be reached, each would be "free to decide its course of action."

He was echoing the warning about the remaining serious disagreements, essentially over President Reagan's "Star Wars" space defence system, given by Mr Alexei Obukhov, the leader of the Soviet delegation to the strategic arms talks in Geneva.

Though Washington and *Moscow are agreed on the* broad lines of a reduction of their strategic nuclear arsenals by 50 per cent, down to 6,000 warheads and 1,600 nuclear delivery vehicles each, they continue to be deadlocked over space defence systems.

Mr Obukhov repeated on Tuesday that US compliance *with the 1972 Anti Ballistic* Missile treaty (ABM) was an essential precondition for an agreement on the reduction of strategic nuclear weapons.

EC corrects quotas

THE European Commission yesterday issued corrected figures *for steel output quotas for the* first quarter of 1988, **writes William Dawkins in Brussels.**

The new limits represent a slight overall cut compared with the final quarter of last year in the amounts Community steel makers will be allowed to produce. Quotas for hot rolled coil are set at 3.83m tonnes, *cold rolled sheet at 3.16m* tonnes, with heavy plate and heavy sections at 1.34m tonnes and 1.24m tonnes respectively.

Athens realises pay policy limits

BY ANDRIANA IERODIACONOU IN ATHENS

"RESTRICTING INCOME has been found to be only of limited usefulness as an instrument of stabilisation in Greece, because of the structure of the economy," Mr Panayiotis Roumeliotis, the Greek National Economy Minister, said yesterday in an interview to the Financial Times. He was alluding to the existence of a black economy resistant to efforts to reduce deficits and inflation by suppressing earnings.

The comment marks a turnaround in the economic thinking of the Greek Socialist government, which at the end of 1985 introduced an economic stabilisation programme hinging upon a very tight incomes policy.

Results were mixed. At the end of 1987 inflation stood at 15.7 per cent against a target of 10 per cent, and the net public sector borrowing requirement at 13.5 per cent of GDP against a target of 10 per cent. Only the current account deficit is expected to achieve the set goal of $1.25bn, down from more than $3bn in 1985. It is expected that private capital inflows will cover the shortfall virtually in full.

Mr Roumeliotis took over as economy minister last November, with the demise of the original economic stabilisation programme and the resignation of his predecessor, Mr Costas Simitis.

This year, workers can expect a 3 per cent rise in real earnings, through wage increases and tax cuts. According to Mr Roumeliotis, the resulting increase in demand coupled with investment incentives, some already announced and some in the pipeline, will help generate a controlled recovery in 1988 with a predicted GDP increase of about 2 per cent. Thanks to an increase in exports, the trade deficit "will not increase appreciably" the minister maintained, despite an expected rise in imports.

In the minister's view, this year's relaxation of incomes policy will not *generate inflationary* pressures as companies' improved finances in the wake of the 1986 and 1987 stabilisation programme will prevent increased labour costs feeding through to prices.

According to Mr Roumeliotis the key to achieving the 1988 inflation target of 12 per cent is containing public sector spending.

The minister declined to predict the current account deficit for this year. It is understood, however, that the authorities expect the deficit to increase

Greek borrowing, Page 31

Bonn N-waste scandal spreads

BY DAVID MARSH IN BONN

THE West German Government yesterday promised tighter controls on the nuclear industry as *a political row spread over a* scandal involving illegal nuclear waste transport.

Mr Klaus Toepfer, the Environment Minister, told the Bundestag (federal assembly) that safety rules would have to be tightened as a result of "scandalous circumstances" uncovered at the Transnuklear atomic waste company last year.

The discovery by state prosecutors of an alleged corruption ring centred on Transnuklear and spreading through the West German nuclear industry has dealt a further blow to the West German public's shaky confidence in nuclear power.

The effects have been heightened by revelations of the British government cover-up 30 *years ago over the fire at the* former Windscale (now Sellafield) nuclear plant in Cumbria, England. West German newspapers have given detailed coverage of the cover-up making Windscale now almost as well known as Chernobyl.

As the Bundestag moved closer to launching a full-scale parliamentary inquiry into the Transnuklear saga, several West German states yesterday announced consequences from the affair.

The state of the Saar, run by the anti-nuclear Social Democratic Party, said it would ban all nuclear waste shipments, while Baden Wuerttemberg, controlled by the ruling Christian Democrats said it would reduce such transport "drasti*cally*".

In the northern town of Luebeck yesterday morning, police used riot batons and water cannon to disperse 400 to 500 anti-nuclear protesters demonstrating against a shipment to Sweden of radioactive waste.

The Transnuklear inquiries have brought to light more than 2,000 drums of radioactive waste which have been sent to sites in the Federal Republic from the Belgian processing plant of Mol near Antwerp. Most of these barrels are falsely labelled and have reached their destinations through irregular shipments linked to bribery.

Amended Yugoslav budget approved

BY OUR BELGRADE CORRESPONDENT

YUGOSLAVIA'S 1988 budget and plan were finally approved by the Chamber of Republics and Provinces late on Tuesday night. The country had started a new year for the first time without a budget following parliament's rejection of the Government's initial proposals.

The federal budget of Dinars 5,659.9bn (£2.4bn) has been reduced by a token Dinars 109.7bn. It is likely to be revised upwards at least once this year if inflation, which has been running at over 160 per cent a year, exceeds estimates.

The chamber also passed a temporary law on foreign exchange allocation in a form modified by parliamentary pressure. The law, which applies only to the first quarter of 1988, says net exporters will get priority in re-purchasing part of their foreign exchange earnings to pay for essential import inputs. A lasting formula will have to be worked out in the coming months.

The Government's earlier economic proposals had faced criticism from regional interests, with Croatia seeking budget cuts and Slovenia asking for concessions over foreign exchange.

The plan says prices will start to be deregulated in 1988, and by the end of the year, a considerable proportion of prices will have been freed. Prices of milk and meat will be "reviewed" soon, which in effect means increased. A price freeze was introduced in mid-November, but this did not prvent retail prices from rising 6.2 per cent in December.

Poland visit by Genscher fails to bring results

By Christopher Bobinski in Warsaw

MR HELMUT Kohl, the West German Chancellor, could visit Poland in the second half of the year, Mr Hans Dietrich Genscher, his Foreign Minister, said yesterday at the end of a four-day visit to Poland.

The visit produced few tangi*ble results, but both sides* described it as positive.

The Poles and West Germans are snarled up in talks over four issues: the environment, establishing cultural institutes, foreign investment protection and consular services.

Differences over describing former German cities *now in Poland are holding* up the talks and reflect continuing uncertainty in Warsaw over the West German government's commitment to the inviolability of Poland's western frontier.

Emigration applications by 100,000 Poles claiming German origin and wanting to go to West Germany are also holding up more general accords.

Spain's 3m jobless

UNEMPLOYMENT in Spain last month reached the 3m mark, nearly 21 per cent of the workforce, **writes Tom Burns in *Madrid.***

The Labour Ministry said the rise was mostly because of women entering the labour market.

It said the rise in unemployment during 1987 was the lowest annual increase since 1976 and that the numbers employed had grown by 900,000 in the last two years.

Swedish-Soviet relations warmer

BY SARA WEBB IN STOCKHOLM

SWEDEN and the Soviet Union can look forward to a period of improved relations, increased bilateral trade, and closer contact in future regarding the cre*ation of a Nordic nuclear free* zone, said Mr Nikolai Ryzhkov, the Soviet Prime Minister, as he ended his first official visit to Stockholm yesterday.

The visit, hailed by both sides as a success, was marked by the signing of a historic agreement on boundaries in the Baltic by Mr Ingvar Carlsson, the Swedish Prime Minister, and Mr Ryzhkov.

The preliminary agreement resolves the longstanding dispute between Sweden and the Soviet Union over rights to parts of the Baltic Sea. Not even the vexed question of violations of Swedish territorial waters by Soviet submarines could spoil the atmosphere *between the two sides.*

Mr Ryzhkov said the Baltic Agreement would add new substance to Soviet relations with Sweden as what was once "a burden for our bilateral relations" had been resolved.

Mr Carlsson said that Sweden would be meeting other Nordic countries to discuss measures to increase confidence-building measures in the region.

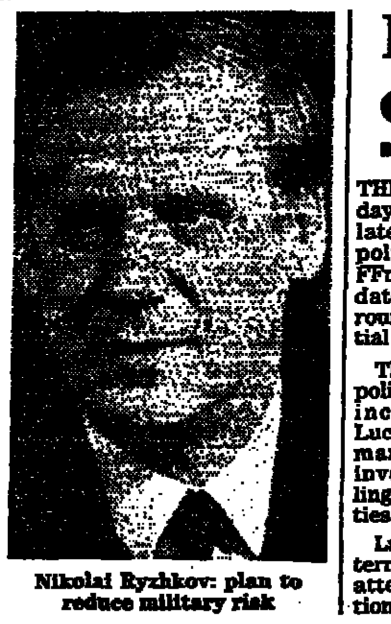
This followed proposals by the Soviet Prime Minister for reducing the risk of military confrontation in northern Europe, which included an invitation for Nordic countries to send observers to Soviet Navy manoeuvres this year and for Sweden to play a role in mediating between Nato and the Warsaw Pact in discussions about the creation of a Nordic nuclear-free zone.

With the signing of several trade agreements between the Soviet Union and Sweden, including protocol agreements for the delivery of Soviet natural gas and oil, officials now expect an upswing in trade between the two countries.

Mr Ryzhkov said he saw great potential for joint ventures between the two countries and for co-operation with companies in Sweden, Norway and Finland in the exploitation of natural resources in the mineral-rich Kola Peninsula.

However he noted Sweden's reluctance to sell modern technology to the Soviet Union and added that the time had come to abandon Cocom – the Paris based body which vets technology transfers to the Eastern bloc – so that both countries could improve their scientific relations.

In the past, Swedish companies have been fined for passing on US technology to the Eastern bloc. Mr Carlsson said Sweden would not be used as an intermediary country in order to skirt other regulations.



Nikolai Ryzhkov: plan to reduce military risk

French propose controls on political spending

BY IAN DAVIDSON IN PARIS

THE FRENCH Cabinet yesterday agreed measures to regulate the finances of France's political parties, including a FFr 100m ceiling on each candidate's expenses in the first round of this spring's presidential elections.

The move follows a wave of political and business scandals, including the "Affaire Luchaire" over arms for Iran, many of which allegedly involved underhand channelling of funds to political parties.

Last November President Mitterrand, at least partly in an attempt to escape contamination by the Luchaire scandal, which appeared to implicate officials of the pre-1986 Socialist government, urged new laws on party finances.

He said it was time to introduce regulations which would "finish once and for all a question which has poisoned the life of the Republic for a hundred years" and suggested a FFr 100m expenditure limit in Presidential elections.

The measures – to be debated at a special session of parliament next month – also limit election expenses of parliamentary candidates, fix the share of election expenses to be reimbursed by the state, and regulate the declaration by politicians of their assets.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E.Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: G.D. Owen, Financial Times, Bracken House, Cannon Street, London EC4P 4BY.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Singapore takes space in Review

THE Hong Kong-based weekly Far Eastern Economic Review said yesterday that the Singapore Government, which restricted its circulation, would buy advertising space in the magazine to publish a letter dealing with its decision, Reuter reports.

Singapore would use the advertisement in the next issue to comment on events that led to a defamation suit by the country's Prime Minister.

The Review's Singapore circulation was cut from 9,000 copies to 500 last month after the weekly was accused of publishing "distorted and mischievous articles ... calculated to discredit and denigrate the Singapore Government."

As a result, the Review said it would cease distributing any copies of the magazine within Singapore until the restriction on its circulation was lifted.

The Review is the fourth foreign publication to be restricted by the Singapore government. Time, Asiaweek and the Asian Wall Street Journal have all had their distribution cut for not printing government letters which alleged mistakes in their reporting.

Gadaffi to visit Tunis

Col Muammer Gadaffi, the Libyan leader, is to make an official visit to Tunis this weekend, less than three weeks after the two North African neighbours re-established diplomatic ties, Tunisian authorities said yesterday, AP writes from Tunis.

The announcement said Col Gadaffi and President Zine el Abidine Ben Ali would discuss "the Arab North Africa".

The Government of former President Habib Bourguiba broke links with Libya more than two years ago following the expulsion of 32,000 Tunisian workers from Libya.

Arab workers' boycott bites into Israeli economy

BY ANDREW WHITLEY IN JERUSALEM

FOR THE past month the area around the Old City's Damascus Gate has been uncannily deserted. It is usually thronged with Arab men kicking their heels as they wait to be taken on for the day as labourers in Jerusalem. Intimidation and the growing strife in their home villages and towns in the occupied West Bank have combined to persuade them to stay at home.

In normal times, over 100,000 Palestinians – most of them men – travel across the pre-1967 "Green Line" from the West Bank and Gaza to work in a variety of menial jobs. They clean the streets, collect refuse, wash dishes in restaurants and skivvy in hotels. At night, like the South African blacks, they are obliged by law to return home, sometimes up to two or three hours' drive away.

It was the death of three of these workers – crushed by an Israeli army truck at the military checkpoint on the Gazan border, on December 8, when returning from Tel Aviv – which provided the spark for the current conflagration.

As a new generation of native-born Jews has grown up, increasingly refusing to undertake "dirty" or physically arduous jobs, sectors such as construction and fruit picking have come to rely heavily on Mohammad and Abbas for their labour.

According to the state-run Citrus Marketing Board, up to 30 per cent of workers employed in orange picking and packing are from "the territories" – with Israeli Arabs providing another significant chunk.

More than 5,000 Palestinians are normally employed on Jerusalem building sites alone. To replace the missing workers, desperate contractors have offered to pay double their normal wages to any Jew willing to fill in. No one has showed up.

At best, no more than 10 per cent of the 45,000 Gazans who normally travel to work in Israel are showing up at their jobs these days. Describing the economic damage both in Israel and the occupied territories as "tremendous", an army-commissioned report said this week that the work stoppage could have cost as much as \$40m-\$50m in lost production and sales.

One sign of anxiety is the sharp increase in the number of applications lodged by industrialists with the Ministry of Labour to import unskilled workers. In the past month, some 23 factories, notably in textiles and metalworking, have asked to fill 2,000 posts – a significant number in such a small economy – with labourers from as far afield as Portugal.

According to the Labour Ministry, only a small percentage of the requests it has received have so far been granted. But, with the Government threatening openly to use economic pressure to bring the demonstrators to heel this stand could soon be reversed.

"The Arabs in the territories think we are the ones who are going to lose as a result of their civil rebellion," said MrGideon Patt, the Science and Technology Minister, in an interview "Well, I have news for them: they will lose, only them."

Those who are now crying loudest are the citrus producers, at the peak of their busiest time of the year: the picking of their main export crop, the navel orange. In some areas such as around Rehovot, in the middle of the country, orange picking is reported to be 50 per cent down on what it should be

"We can wait a week or two," Mr David Heimann, manager of a group of farms near Rehovot, said yesterday. "But if we don't get our workers by then, we will face problems."

Disappearing forests begin to worry Indonesians

Ecological causes are gaining ground, writes John Murray Brown

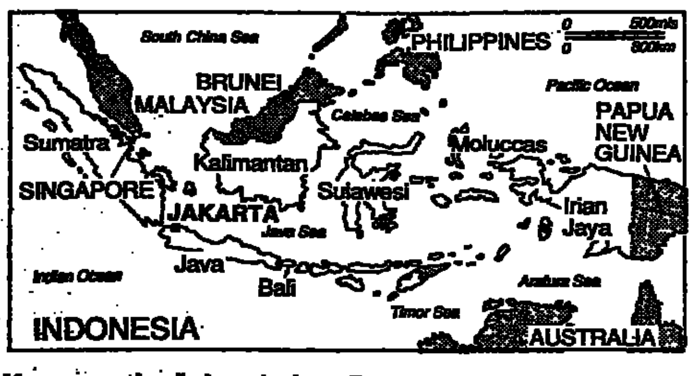
A FEW tropical house plants provide decoration for the otherwise rather modest Jakarta offices of Indonesia's leading environmental group. In a country where it is illegal to convene meetings of more than five people without permission, some 700 like-minded concerned "Greens" are slowly winning official recognition for a variety of ecological causes.

"We have to be very tactical," says one organiser. "When Friends of the Earth come out and attack Indonesia, it directly affects our operations here." Whether in response to the charges of Western critics, or more simply as a counter to the emerging environmental lobby at home, President Suharto's Government is increasingly addressing the problems of forest conservation, industrial pollution and land rights issues. Barely a week passes without such questions being aired by newspapers, with an enthusiasm often missing on more political subjects.

The economic arguments are compelling enough. Indonesia has more than 10 per cent of the world's tropical forests. Only Brazil has more. As earnings from oil, the main export, continue to decline so timber has become an increasingly important source of foreign exchange. Even ignoring the accusations of environmentalists about destroying the ozone layer in the atmosphere, it is hard to escape the impact of deforestation, which every year results in the loss of up to 2.4m acres of Indonesian forest, according to the Rome-based Food and Agricultural Organisation.

Commercial logging is partly to blame. The Government, however, puts the onus on traditional slash and burn agriculture. "Many of us are extravagant with our natural resources," President Suharto commented recently. "One million farmers still move from one place to another, clearing the rain forest. The consequences could be very serious."

Changing land use has already contributed to several spectacular disasters. A forest fire in 1982, which blazed uncontrolled for nine months destroying 8m acres, was described as the worst ecological disaster of the century.



More recently, Indonesia has been plagued by a series of floods and landslides, of which the worst in west Sumatra last year claimed more than 100 lives.

Reform may be difficult to implement. Pressure on available land is mounting, with the country's population growing by 2.3 per cent every year and set to reach 228m by the year 2000.

Improved rice cultivation in Java means Indonesia is now self-sufficient in its staple food. Because the programme is more capital intensive, however, it has also reduced real levels of rural employment, increasing the number of landless and speeding the flow of penniless migrants heading for the cities. Resettlement of Java's poor to the outer islands, meanwhile, has provoked disputes with local indigenous peoples, particularly over land title claims. Inevitably, perhaps, this has led to further encroachment of the forest.

A report commissioned by the World Bank, which has donated more than \$650m to this transmigration programme, urges the Government to improve procedures for paying compensation to local tribes. Indonesia does not officially recognise land title, so compensation is based on tree and crop loss. But aid workers say there is widescale abuse by officials: one farmer in Irian Jaya, for example, claims he was paid with a string of cowrie shells when the Government decided to build an airport on his farm.

Even in uncontested swamp areas ecologists are concerned at the effects of large scale drainage schemes. Land reclamation produces acid soils, which lead to river pollution, which in turn threatens the mangrove swamps downstream where local fishermen try to make a living.

The World Bank is finalising a new loan for Indonesia's resettlement programme, which officials say will be used toimproveme and rehabilitate existing sites. The bank recently formed an environmental division to oversee such projects.

"Indonesia has targeted 26 per cent of its forest for conservation, higher than many other countries," says Ms Gloria Davis, head of the division for East Asia. "But the bank cannot be sanctimonious about it – we, after all, encouraged the Government to borrow for the programme."

Putting the brakes on commercial exploitation of the forest may yet prove the hardest challenge. A decision in 1980 to ban unprocessed log exports forced a number of lumber companies to shut operations in far-flung provinces, but in Kalimantan, the best source of timber, logging goes on apace. Indeed, the ban has spawned a sharp increase in sawmills and plywood factories coming on stream.

"The problem with the fall in oil revenues," says one US agronomist, "is an acceleration of the invasion of the forest." Recent improvement in prices for ply have added to the rush. A final complication is that many of the logging concessions are said to be controlled by military holding companies, providing jobs for retired officers and a lucrative source of unofficial finance for the purchase of military hardware.

Miyazawa sends \$ plunging

By Stefan Wagstyl in Tokyo

THE US dollar plunged in Tokyo yesterday following remarks by Mr Kiichi Miyazawa, the Japanese Finance Minister, denying that ministers of the Group of Seven leading industrialised countries had fixed a target range for supporting the American currency.

The December G7 agreement did not contain any specific range such as keeping the dollar between the upper Y120s to the upper Y140s against the Japanese currency, said Mr Miyazawa in a speech made near Hiroshima.

His comments sparked heavy selling of dollars, prompting Mr Tomomitsu Oba, Mr Miyazawa's adviser at the Ministry of Finance, apparently to contradict Mr Miyazawa and say that the G7 countries "might" have indeed agreed to keep the dollar "within certain ranges". Mr Oba did not specify what these ranges might be.

The dollar recovered on Mr Oba's remarks – but only slightly. After touching Y125.45, the dollar closed at Y126.30, down Y1.70.

Mulder dies

Dr Connie Mulder has died aged 62, **Jim Jones reports from Johannesburg.** In the late 1970s Dr Mulder was expected to succeed John Vorster as prime minister but fell from grace with disclosure of an information scandal, colloquially known as Muldergate.

As a member of the Vorster cabinet Dr Mulder had helped plot to use state funds to buy South African Associated Newspapers, to establish The Citizen, an English-language newspaper, to buy influence abroad and to acquire a Washington newspaper secretly. Dr Mulder became the scapegoat after losing to Mr P.W. Botha in the 1978 struggle to succeed John Voster.

OBITUARY OF CHIANG CHING-KUO

Taiwan's popular reformer

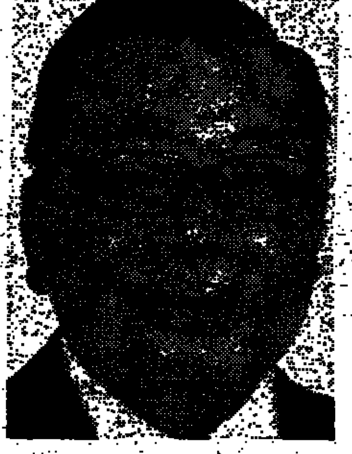
CHIANG CHING-KUO, Taiwan's president, who died yesterday afternoon from an apparent heart attack, was widely regarded as a popular reformist whose ideas were often too far advanced for conservatives in his government to grasp.

Mr Chiang nevertheless succeeded, from the time that he assumed the premiership in 1972, through his first and second terms as president from 1978 until his death, in garnering support for programmes that concentrated more on the development of Taiwan than on the old Nationalist dream of recovering mainland China from the Communists.

He was the son of Generalissimo Chiang Kai-shek, who led the Chinese Nationalists almost without interruption from the late 1920s until his defeat by the Communists in 1949.

Mr Chiang, born March 18 1910 in China's Chekiang Province, was educated in the Sun Yat Sen University in Moscow and later at the Soviet Military and Political Institute – a situation which many observers found paradoxical in light of his confirmed anti-communist stance of later years.

After his father broke with the Communists, Mr Chiang was sent to the Soviet Far East, where according to most accounts he was held as a virtual hostage. While working there, he married a Soviet citizen, known in Taiwan by her Chinese name Chiang Fang-liang. He returned to China with Mrs Chiang in 1939 and assumed the post of Administrative Commissioner for south Kiangsi Province until the end of the war.



Chiang: popular support

During the civil war in China, he served in a variety of posts, including one in Shanghai, where he was charged with bringing rampant economic chaos and corruption under control.

Shortly after joining his father in Taiwan after the Nationalist defeat, Mr Chiang was charged by his father with the task of bringing the various security agencies to heel and under one unified command structure.

Unlike the Generalissimo, who was seen as cold and aloof, Mr Chiang made it his business to cultivate an image as "a man of the people". He frequently wandered out into the countryside, often unannounced, to chat with farmers and workers about their lives and problems. He was thus able to garner for himself a popular as well as an official base of support.

Appointed premier in 1972, Mr Chiang also served as chairman of the ruling Nationalist Party after his father's death – a post in which he bided as heir apparent until the interim presidency of Yen Chia-kan ended in 1978 and Mr Chiang was concurrently elected president of the Republic of China and re-elected chairman of the party.

From that point on, Mr Chiang accelerated his reforms, aided by the ever-increasing affluence of Taiwan's citizens and Taiwan's relative political stability.

From the mid-1980s on, it was clear to most observers that Mr Chiang planned no less than a thorough revamp of most of Taiwan's outdated political institutions, despite his failing health. The underscoring of that intent came last July when his government ended 40 years of martial law, and, with it, much of the rationale for many tired old systems.

R.K.

US envoy warns Central America over aid

BY LIONEL BARBER IN WASHINGTON

THE US has delivered a blunt warning to four Central American leaders that they face serious economic and political consequences if *Congress cuts off* aid to the Nicaraguan Contra rebels.

The warning is aimed at influencing the outcome of a *meeting this weekend in* Costa Rica where Central American leaders will assess a regional peace plan signed last August. What they say about compliance with the accords could influence next month's Congressional vote on a renewal of Contra aid.

Many observers believe that the leaders will opt to extend the deadline for ceasefires and political reforms called for in the regional plan, adopted by Nicaragua, Honduras, Costa Rica, Guatemala and El Salvador.

The White House, anxious to avoid a fudged final communique which could damage prospects for Contra aid, sent President Reagan's national security adviser, Lt Gen Powell, to the region last week.

Gen Powell, accompanied by a senior State Department official, Mr Elliott Abrams, urged the Central American leaders to condemn Nicaragua. He told *them that they could not rely* on Washington for aid if the Contra rebels collapsed through lack of funds.

US officials denied that Gen Powell was making threats, but his visit underlines how delicately the issue of future Contra aid is poised.

The US Congress has been split over whether to fund the Contras since the Sandinistas took power in 1979. Next month's Congressional vote will be equally tight.

In a report released yesterday on the implementation of the peace plan, Central American Peace and Democracy Watch – chaired by Mr Chuck Robb, a former Virginia Governor and middle-of-the road Democrat – said that El Salvador had shown greater progress than Nicaragua.

Mr Robb said if there was no "significant, irreversible breakthrough" at this weekend's talks in San Jose, Congress *should vote for more* military aid for the Contras. But he suggested that next month's Congressional vote could be refined to give the peace process one last chance.

Korean jet report contradicts Reagan

By Stewart Fleming, US Editor, in Washington

AMERICAN intelligence officials have concluded that the Soviet military officials who ordered an attack on a Korean Air Lines Boeing 747 airliner in 1983 "probably were not certain what type of aircraft they were shooting down".

This conclusion is contained in declassified documents released by Rep Lee Hamilton, a member of the House intelligence committee at the time of the incident.

Mr Hamilton, who had asked for the documents to be declassified, said that they show that "the public record of the *Administration* was at variance with what our intelligence actually knew about this tragedy".

The attack took place over *the sea of Japan on September* 1 1983.

All 269 people on board were killed after a Soviet fighter plane intercepted the 747 *on its* flight from Anchorage, Alaska, to Seoul, the South Korean capital.

Four days after the attack President Reagan said "there is no way a pilot could mistake this (aircraft) for anything other than a civilian airliner" and spoke of the "incontrovertible evidence" Washington had to back up the charge.

According to the documents released by Rep Hamilton, US intelligence officials, who have admitted that the US eavesdropped on conversations between the Soviet pilot and his ground controllers, "had concluded by the second day (September 2) that the Soviets thought they were pursuing a US reconnaissance aircraft throughout most, if not all, the flight".

President 'back in good health'

PRESIDENT Reagan was taken ill on Tuesday night with *gastro-enteritis*, but was yesterday said to be in good health, agencies report from Washington.

Mr Marlin Fitzwater, White House spokesman, said: "Despite the discomfort during the night, including nausea and vomiting, the President this morning had no fever and all vital signs were normal".

Brazilian forecast for inflation 'doubled to 236%'

BY IVO DAWNAY IN SAO PAULO

A FULL review of Brazil's economic outlook for this year has forced the Finance Ministry to double the most recent estimate for inflation to 236 per cent, according to unofficial reports.

Preliminary studies conducted earlier *last year* had calculated that the 1988 year-end inflation rate could be brought down from the record 366 per cent of last year to 60 per cent. Later this figure was doubled.

Now, according to authoritative leaks from Brasilia, economists have again been forced to raise the forecast. Despite a drastic collapse in consumer demand before Christmas, ministry economists are expecting upward pressure on prices to lift the January figure to more than 16 per cent against 14.4 per cent last month. Average monthly inflation during the year is expected to exceed 10 per cent, they claim.

The still unofficial estimates are being prepared in a general revision of Brazil's economic horizons, ordered by Mr Mailson da Nobrega, the new Finance Minister. The data gathered will be used in forthcoming talks with the International Monetary Fund aimed at normalising Brazil's relations with the international financial community to *allow a resumption of lending.*

A Finance Ministry official would neither confirm nor deny the new inflation estimates yesterday. But he added: "It is clear that our original projections were too optimistic."

Mr Nobrega, appointed this month to succeed Mr Luis Carlos Bresser Pereira, has promised to use government austerity as the main weapon against inflation, emphasising that further price freezes are no longer an option. But, in a weekend interview, he insisted that the target of 4.5 per cent growth in *gross domestic product* was still attainable. The rate of rise in inflation was decelerating, he pointed out, and the trade balance outlook remained good.

Colombia attacks US attitude over drugs

BY SERITA KENDALL IN BOGOTA

COLOMBIAN President Virgilio Barco has accused the US of failing to recognise his country's *efforts to fight drug-trafficking*. His strong attack follows tough statements and retaliatory measures by Washington provoked by the release from Colombian custody of a prominent drugs dealer.

In a broadcast on Tuesday President Barco said Colombian judges had been systematically murdered in the course of duty and US retaliation against Colombian citizens and exports had caused amazement. He described the US response as wholly out of character for the normally friendly climate of relations between the countries.

Since the release two weeks ago in Colombia of Mr Jorge Luis Ochoa, wanted by the US on multiple cocaine-trafficking charges, passengers and products arriving at US airports have been subjected to searches and long delays.

Shipments of flowers and tropical fish have been damaged, and the measures have generated widespread indignation in Colombia.

The Minister of Justice has put out new warrants for the arrest of Jorge Luis Ochoa, Pablo Escobar and other alleged traffickers, but Colombia's Attorney-General says the Government lacks the political will to bring them back under extradition.

Efforts to locate these men during the last week have produced no results, and there are reports of Mr Ochoa being in Brazil. The US Administration regards Colombian collaboration as a key element in the multi-billion drugs trade.

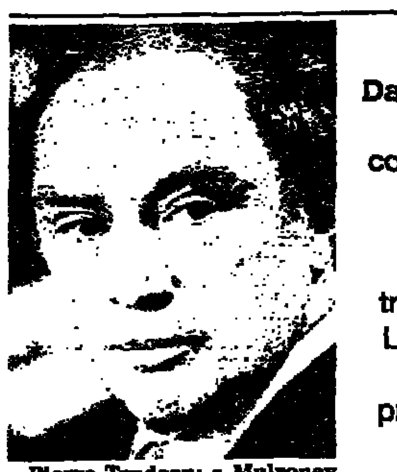
Yesterday a car bomb exploded outside a Medellin apartment building apparently owned by Pablo Escobar's wife. Two people died in the blast, which exposed an extraordinary Aladdin's Cave of vintage cars, motorbikes and works of art. Reports by some neighbours said that Pablo Escobar was seen to leave the building after the explosion.

A Medellin radio station received a telephone call claiming that the bomb had been triggered by a previously unknown group named Death to Drug Traffickers.

Canada's Conservatives are still grappling with Pierre Trudeau's senators

Stuck with a Liberal legacy

David Owen in Toronto reports on the continuing influence of Canada's former flamboyant Prime Minister through a troublesome rump of Liberal senators and the constitutional problem of unseating them



Pierre Trudeau: a Mulroney obsession

Brian Mulroney: finding the silver lining

CANADA'S Progressive Conservative Prime Minister, Mr Brian Mulroney, has two very powerful obsessions. The first is the media. *The second is former* Prime Minister Pierre Elliot Trudeau.

At least, that is the view of Mr Michel Gratton, forthright political columnist and one-time press secretary to the Prime Minister's office.

Certainly, many of the present Prime Minister's key political initiatives, from the Meech Lake constitutional accord, to the dismantling of the nationalistic Foreign Investment Review Agency and the National Energy Policy, have served to exorcise the Trudeau era's formidable centralist legacy.

However, there is still one place in which the influence of the flamboyant Montreal lawyer, who in 1968 stepped from nowhere into the shoes of the Liberal leadership, lives on, and that is within the walls of the Canadian Senate.

The 104-strong Upper House of the Canadian Parliament is still dominated by Liberal appointees of various Trudeau governments, seven of whom were named on the headstrong Prime Minister's last day in office in June 1984.

Traditionally, the Senate has exercised restraint in the deployment of its considerable power to derail legislation put forward by the elected house, the Commons – even during periods when the elected Government has been of a different political stripe.

While it retains the right of veto over all bills, bar constitutional amendments, it has generally bowed to the principal that an appointed body should *not frustrate the will of the* elected chamber and, by extension, of the Canadian people.

This is why the Senate's recent battle to amend Consumer Affairs minister, Mr *Harvie Andre's contentious* Bill C-22, which advocates changes to Canada's unusual drug patent laws, aroused such widespread interest in Canada. Needless to say, the "red Chamber's" obstreperous behaviour (it finally approved the offending bill at the third time of asking) has prompted a resurgence of calls for Senate reform.

Various possible future models are put forward. Some argue *for the dilution of the Upper* Chamber's right of veto into a right to delay Commons legislation up to a maximum of 180 days, after the fashion of the British House of Lords.

Others, including several senators, advocate an elected chamber (senators are currently appointed by the Governor General on the advice of the prime minister).

Still others argue that the *Senate could be done away with* altogether, since its dual roles of providing sober second thought and speaking up for sometimes neglected regional interests have been usurped, respectively, by *the evolution* of the parliamentary committee and the institutionalisation of the provincial premiers' conference as an annual event.

The problem is, while many Conservative MPs – not least the pugnacious Mr Andre – would doubtless be happy to see the Senate's wide-ranging powers limited or curtailed, the process of obtaining the desired changes would be thorny.

Any reform of the Senate requires the consent of the Canadian Parliament and of at least seven provinces representing 50 per cent or more of the population.

While under Mr Mulroney's favoured Meech Lake accord, due to be passed by June 1990, the responsibility for appointing senators will transfer to the provincial premiers, any further reform would require the *unanimous consent of federal* and provincial governments.

According to one respected commentator, "the chances of any amendment being adopted even under the seven-province formula are virtually nil".

One way or another, then, the Senate is likely to perpetuate the Trudeau legacy for some time to come. Retirement age for senators is, after all, 75, and the youngest of the latest batch of Trudeau appointees was just 41.

Curiously enough, however, under present circumstances, this may not altogether displease the Prime Minister.

Should the Senate feel compelled to hold up or even attempt to kill any significant portion of the impending cascade of Tory legislation in coming months, Mr Mulroney's appeal to democracy and to a Canadian public which has traditionally viewed the Senate as crusty and ineffectual would be a potent one.

Ottawa consultant, Mr Bill Fox, even feels that this could *become an election issue.* "If bills are being stacked up like 747s at La Guardia," he says, "they (the Conservatives) will run on it and say, 'look at all the bills they are stalling.'"

Haitian opposition leaders call strike

OPPOSITION leaders in Haiti have called for a general strike to protest against Sunday's election. They say the military *junta-run* ballot would only aggravate Haiti's political crisis, AP reports from Port-au-Prince.

Mr Mark Bazin, a strike organiser, said the protest, called for today, had the support of a broad-based coalition of trade unions, human rights *associations*, and student, peasant and labour groups.

"Elections (run by the junta) are not a solution to Haiti's problems," Mr Bazin said on Tuesday. "It is the start of a new round of problems."

Mr Bazin was one of four leading presidential candidates *in the November 29 election*, which was cancelled only hours after voting began when thugs killed at least 34 people in machete and rifle attacks at polling sites.

The military government dismissed the independent Electoral Council that ran the poll, appointed a new council *and* scheduled a new election for January 17.

Mr Bazin and the three other leading presidential candidates from the November election are boycotting the vote and have called on Haitians to refrain from voting as a protest.

Meanwhile, leading candidates in Sunday's election acknowledged that the army dominates politics in Haiti, but *they said a boycott was not the* solution.

"It was a mistake to call for a boycott...you cannot find a viable political solution for democracy in Haiti without the army or against the army," said candidate Leslie Manigat of the National Democratic Progressive Rally.

Italian shoe exporters face bleak outlook

BY DAVID LANE IN MILAN

ITALY'S third largest export earner is running into trouble. Figures from ANCI, the national association of footwear manufacturers, show slumping sales for 1987 and suggest that the current year will be even worse.

Shoe exports for the first nine months of last year were down 6.2 per cent on the same period in 1986 at 385m pairs. This compares with 1985's peak of 435m pairs.

Italian shoemakers face an even more difficult situation in the current year. A study undertaken by ANCI of a large sample of its members shows that order books are much slimmer. Orders at the end of November, which cover the spring and summer collections, were 7.4 per cent lower than in November 1986.

Mr Leonardo Soana, ANCI's director, said the footwear industry, which employs about 128,000 people, is feeling the *effects of* the dollar crash and increasing competition from low cost manufacturers in Taiwan, South Korea and Brazil.

"These countries present a real threat because they are now achieving levels of quality to match European standards," he said.

Prospects are bleak in two of Italy's four main export markets. ANCI's survey shows that orders from the US are 16.3 per cent down. Orders are nearly one fifth lower from British importers. West German orders also seem to have slumped sharply, with the survey indicating that Italy's top market will be buying 10.7 per cent fewer shoes this year.

Italian footwear manufacturers have felt the impact of competition from the Far East and South America particularly hard in the US market with Italian makers of middle and low range shoes being hurt most.

Higher price and quality shoes like those made by Ferragamo and Magli have been less affected by the weak dollar and the fierce competition.

Howe criticises Japan on construction market

THE BRITISH Foreign Secretary, Sir Geoffrey Howe, yesterday criticised Japan for making a deal with the US *alone on opening its public* construction market to foreign companies, Reuter reports from Tokyo.

At a press conference at the conclusion of a five day official visit to Japan yesterday Sir Geoffrey said that yesterday's announcement that US *companies would be allowed* to participate in some Japanese public construction projects demonstrated the need for Japan to be fully open in its foreign trade relations.

The US has been heavily pressuring Japan to allow US companies access to Japanese *public projects. Congress last* month passed legislation banning Japanese construction companies from US public construction projects to force up the demand.

"The decision to open the opportunity for tendering to US contractors, while a welcome demonstration of a disposition towards more open trading practices, is limited in its impact, and indeed to some extent negative in its *impact, by reason of being* confined to the United States," he said.

"It is a good illustration of the importance for Japanese economic management to move ... into a completely multilateral open posture," Sir Geoffrey said.

The Japanese concession came just before Prime Minister Noboru Takeshita's meeting with President Reagan in Washington, his first since *taking office last November.*

●Mazda ,the Japanese car company, plans to import auto parts worth $225m in the fiscal year ending next November, up 24 per cent from a year earlier.

Mr Norimasa Furuta,the company's president said Mazda bought car parts worth $181m from overseas producers in 1986/87, up 25 per cent from a year earlier, without giving yen figures or yen-dollar conversion rates.

Caribbean fears on Canada trade pact

By Canute James in Kingston

CARIBBEAN countries which have a preferential trade agreement with Canada fear they could be undermined on the Canadian market by goods from the US following the signing of the trade agreement between the US and Canada.

The countries of the English-speaking Caribbean have duty free access to the Canadian market for a several products under a special trade programme called "Caribcan." Several are also beneficiaries of the Caribbean Basin initiative, a similar *preferential* programme extended by Washington.

Trade officials in the region say they are concerned that sections of the new trade agreement concerning cross-border transfers of goods from third countries could hamper their efforts at developing markets in the US and Canada.

"This has implications for the countries exporting to Canada under Caribcan," said Mr Arthur Thompson, head of the international trade division of the Jamaican Foreign Trade Ministry. "We will be looking at all the details and then doing an analysis of these implications."

There is particular concern in the Caribbean over the implications of the new trade pact for a special programme *under* which the region is granted access quotas by the US for garments assembled from cloth made and cut in that country.

"The proposed agreement may affect Caribbean trade under Caribcan," according to Holland and Knight of Washington, a company which represents several Caribbean government agencies in the US. "Caribbean traders may have to compete with US traders on an equal footing for the lucrative Canadian market."

Canadian government officials however have played the issue down.

"There is no question that the agreement will make Canada an open market for the US," said Mr Mike Whelan, Commercial Attache at the Canadian High Commission in Jamaica.

Peter Montagnon and Michael Holman report on an unusual theatrical occasion

Nigerian creditors prepare for serious farce

NOT since the Brazilian Government hired the Mermaid Theatre in 1983 to present its *debt rescheduling proposals* to international banks has the developing country debt crisis produced quite such a theatrical occasion as that promised by today's meeting of Nigeria's uninsured trade creditors.

In a move that far upstages that of Brazil, Nigeria has taken the 2,000-seat Wembley Conference Centre in north London for a meeting which is intended to discuss proposals *for rescheduling* some $3.25bn in overdue promissory notes.

There, at 11am, the curtain will rise on what already bears all the hallmarks of a deadly serious farce.

Rescheduling of uninsured trade debt is an integral part of Nigeria's painful struggle along *the road to economic recovery.* Yet today it could be undermined by the threat of a formal declaration of default which hovers, albeit remotely, in the wings. Even at this late stage, however, the organisers cannot be certain whether enough of the 13,000 creditors involved to *constitute a quorum will* actually turn up.

Nigeria has paid no principal on its uninsured trade debt for 15 months and no interest for a year, with the result that the total amount overdue has swollen to around $4bn. Now it wants to reschedule all this *debt over 22 years, but its* proposal has caused a storm of protest among its creditors, mostly international companies who have not been paid for goods and services provided in the boom times of the early 1980s when oil prices were high.

Today these creditors have to decide whether they go out with a whimper and accept as a *fait accompli* the rescheduling of debts – which in some cases go back to the start of the decade – or whether they want to fight on for better terms. It is a decision fraught with uncertainty, both because of the economic background against which it has to be taken and because of the peculiar institutional arrangements for the meeting itself.

Nigeria has paid no principal on its uninsured trade debt for 15 months and no interest for a year

In his last circular to creditors ahead of today's meeting, Mr David Murison, the London-based accountant who has been negotiating on their behalf, described the Nigerian proposal as "unsatisfactory," but he also *said it* was unlikely *to* be improved on by the Babangida regime.

One school of thought among *some creditors*, especially those with an interest in continuing to do business with Nigeria, is that the deal should be accepted because it is the best that can be achieved. Under the proposal Nigeria would start paying small instalments on the debt, amounting to 1.25 per *cent of its face* value, *from* April. So creditors would at least be receiving cash in hand fairly quickly.

There has, however, been virtually no co-ordination between creditors, most of whom prefer to remain anonymous. It is thus a wide open question as to whether this group can muster enough support to gain the necessary 66 per cent majority of those present for the proposal to be accepted. In recent days it has become clear that significant groups of creditors in Japan, West Germany, Hong Kong and the UK have serious objections.

A group of leading Japanese creditors, constituting the Japan Nigeria Committee, has *publicly* signalled *its intention* to vote against the proposal because the conditions are not as good as those accorded to other creditors such as commercial banks and governments, who have agreed to reschedule export credits through the Paris Club.

The committee also echoed the views of a wide range of creditors when it complained about a Nigerian decision late last year which effectively disowned about $2bn worth of disputed claims.

It is this decision, described by Mr Murison as "a bad one," which has caused the most widespread upset. One small group of Hong Kong-based creditors has formed a special company, Confidential Recoveries, to lobby for a formal declaration of default.

There has, however, been virtually no co-ordination between creditors, most of whom prefer to remain anonymous

Such a declaration, which is not officially on today's agenda, would, however, require a 25 per cent vote of all creditors and is regarded by both bankers and businessmen who follow Nigeria as both improbable and impractical. Legally it would not be difficult to prove that Nigeria is in default, but sueing for recovery of claims would be an expensive and time-consuming business and any proceeds would have to be shared out among all 13,000 creditors.

One possible scenario is that creditors present at today's meeting simply turn the proposal down in the hope that Nigeria will *improve* the terms. This would, however, leave them in a curious limbo because Nigeria has made it clear that it will not return to the negotiating table, least of all to announce a reconsideration of the $2bn in disputed claims.

However, even a vote to *reject the terms* would require a quorum to be present in Wembley. This is defined as enough creditors to represent half the outstanding debt. Without it the meeting would simply have to be immediately adjourned.

The Law Debenture Trust Corporation, which is trustee *for the debt*, obviously expects turnout to be large and counting of votes may take until tomorrow. It has advised creditors to arrive a full hour early to facilitate registration procedures which will involve what it describes as "airport-type security." Each creditor will be permitted only five minutes to speak to speed up proceedings which could last into the afternoon.

Watching from a distance will be governments such as the UK, which has been instrumental in helping to nurse black Africa's largest market back to economic health. British uninsured creditors are particularly bitter about the way in which they feel they have been left in the lurch by a government intent on papering over the cracks to keep the main recovery effort under way.

"We have had no *support* from the Department of Trade and Industry, damn all from the Export Credits Guarantee Department and we have continually been told by the Bank of England not to rock the boat," said one.

Since the debt crisis started in 1982, industrial *governments* have become used to pulling the strings on debt rescue packages. This time round, however, they have chosen to desert the stage. By refusing to help, they have also forfeited influence over today's result. And that has only made the outcome even less *predictable* than it might otherwise have been.

China pledge on joint ventures

BY ROBERT THOMSON IN PEKING

CHINA will ensure sufficient funds are available for *joint* ventures with foreign companies in spite of a proposed "drastic" cut this year in the money *supply* and indications that some projects will be allowed to fail, the People's Bank of China, the central bank, said yesterday.

The government *is attempting* to curb an official inflation rate of 10 per cent by reducing money supply and curbing demand, and while funds are assured for *"priority projects,"* western diplomats expect China will be selective about launching new joint ventures and maintaining ailing projects.

"Enterprises with foreign investment on the priority list and those with good economic returns will have our full support," the People's Bank said. However, it is expected that projects propped up by repeated injections of Chinese capital will receive significantly less support this year.

The Bank of China, responsible for handling foreign exchange, increased its foreign currency loans to foreign investment projects by 50 per *cent last year and its loans in* renminbi, the Chinese currency, by 98 per cent. It is clear that the government will not allow similar increases this year.

Shortages of foreign exchange have been at the heart of most joint venture failures, and the Chinese partner is generally intent on exporting products as soon as possible, while foreign partners believe some export attempts to be premature and are often keener on tapping the domestic market.

The government is attempting to use market means to control money supply, and has just increased the reserve rate from 10 to 12 per cent, though a lack of success will lead to less subtle attempts at control. The People's Bank promised yesterday that "money supply will be cut drastically".

The Bank of China yesterday admitted that "there will be a gap between supply and demand" this year for joint venture funds, even though those projects have priority.

"Measures will be taken to ensure priority to enterprises that import advanced technology, produce import substitutes and show good economic returns. Loans to hotels and other consumption-oriented projects should be curbed," it said.

Tokyo and Cairo sign power plant loan deal

BY TONY WALKER IN CAIRO

JAPAN AND Egypt this week signed a $86m soft loan agreement under a *continuing* Japanese assistance programme to the power sector.

The loan, repayable over 20 years at 4 per cent interest with a *10 year* grace period, will help finance the development of a thermal power station at Assiut in Upper Egypt.

Japan is also providing $23m *in grants* to assist in vocational training in the construction industry, equipping a paediatric hospital and developing fisheries in the Mediterranean and Red Sea.

Japan's assistance programme in Egypt is weighted towards helping the Egyptians overcome power shortages.

Japanese aid is likely to become increasingly critical if power generated from the Aswan High Dam continues to drop because of drought in the Nile's catchments areas.

The Aswan Dam accounts for about 20 per cent of Egypt's power generation. It is operating well below capacity.

Mr Mohamed Maher Abaza, the Electricity Minister, recently announced an enhanced power station programme to reduce dependence on the High Dam.

Mr Abaza said Egypt planned to build 20 power stations in the next five years. These plants would have a combined generating capacity of around 8,500MW.

Health minister concedes need for more finance

BY ALAN PIKE, SOCIAL SERVICES CORRESPONDENT

MR JOHN MOORE, Social Services Secretary, conceded at a meeting with leaders of the medical profession in London yesterday that there was a need to increase the total resources available for health care.

The talks are likely to prove a significant step in a growing debate within both the Government and the health service about where extra money is going to come from.

Alternative means of financing the National Health Service were among the subjects discussed yesterday.

Mr Moore met Sir Raymond Hoffenberg, president of the Royal College of Physicians, Mr Ian Todd, president of the Royal College of Surgeons and Mr George Pinker, president of the Royal College of Obstetricians and Gynaecologists.

A statement from the three presidents last month declaring that acute hospital services had almost reached breaking point added considerably to the political pressures on the Government before the Christmas parliamentary recess.

This culminated in the Government making an additional £101m available to health authorities in the current financial year. But this money is not seen by doctors, health service managers and many MPs as more than a very temporary solution to a much bigger problem.

The difficulties of the acute health sector were at the forefront of discussion at yesterday's meeting. Sir Raymond said afterwards that he was pleased with the outcome, and his fears about the NHS had been allayed.

John Moore: listened to plea for more health resources

Mr Moore has agreed to meet the presidents against within two months.

Ministers now face the question of how to increase resources without simply pumping large amounts of additional Exchequer support into the NHS.

They have until recently concentrated on releasing money through efficiency improvements. While this will continue, there is an increasing willingness to look at wider possibilities like a greater role for private health insurance.

Many representatives of the medical profession and health services managers would be willing to accept the introduction of new forms of finance to relieve the present feeling of stumbling from crisis to crisis.

Peter Riddell examines how deep divisions on policy have called Mr Steel's authority into question

Liberal leader strides away from party lines

IN ALMOST 12 years as Liberal leader Mr David Steel has always had strained relations with his party, and at times also with his fellow members of parliament.

But seldom have these differences surfaced so publicly, and divisively, as yesterday when even his normally loyal supporters like Mr Alex Carlisle were openly critical of the policy statement he had agreed with Mr Robert Maclennan of the SDP designed to put the merged parties in business as a political force.

Both leaders have made misjudgments – Mr Maclennan and his advisers in pushing too hard for a statement intended to attract supporters of Dr David Owen, the former SDP leader who is now heading his own party. Pushing, or pulling, too hard was obviously unacceptable not only to Liberal activists but also to its MPs.

Yet the key, and possibly fatal, error is by Mr Steel in failing to take sufficient account of the views of his party.

Throughout the three-month-long negotiations he has made no secret of his boredom and irritation with the long hours of detailed talks, and with what he has seen as the narrow-minded nit-picking of some of his own side.

Indeed, unlike Mr Maclennan, Mr Steel has been only an occasional attender at the talks – away in the United States for a week last autumn and for nine days in Kenya up to last Sunday.

Discussion of detailed policy is also not Mr Steel's forte. He prefers discussing long-term strategic views of politics apart from a few specific areas which interest him.

The combination of his absence and distaste for detail meant that much of the drafting was done by Mr Maclennan and his policy advisers, Mr Hugo Dixon and Mr Andrew Gilmour, the sons respectively of former and current Conservative MPs.

There was not time for Mr Steel to consult in detail with his parliamentary colleagues in the two days after his return.

This left him faced not only with predictable critics like Mr Simon Hughes, a strong supporter of unilateral nuclear disarmament who objects to the retention of Trident, but also more mainstream MPs who objected both to the reference to extensions of VAT to food and children's clothing and to what they saw as the Thatcherite tone of the document.

This episode has only underlined the doubts of a number of Liberal MPs about the leadership approach of Mr Steel. They feel he is remote – partly reflecting a natural shyness

Lacklustre final experiment may spell end to gilt auctions

BY SIMON HOLBERTON

THE FUTURE of auctions as a method of selling the Government's debt was in doubt yesterday following the result of the third and last of the Bank of England's experiments with the system.

Although the Bank was successful in selling £1bn of medium-dated gilt-edged stock, traders and analysts in the market were shocked by the thinness of the auction's cover with the bids just 1.07 times more than the issue, as well as by the size of the spead between the minimum and maximum prices acccepted.

Prices in the gilt market fell substantially after the result became known.

There is a widespread expectation in the market that, after a decent interval, the Bank will announce that it does not intend to proceed with auctions as a method of selling gilts. The Bank declined comment yesterday and said it would confer with the Treasury over the future of auctions.

Mr John Shepperd of Warburg Securities said: "I think the auction system is finished. Over time there has been a growing belief that auctions were unnecessary and that the experiment had not worked well. Today's auction reinforced that view."

Prices in the London gilt-edged market fell substantially yesterday. By the close of trading, prices for the market's indicator long bond, the 8¾ per cent Treasury 2003/2007, had fallen by 1 1/16 points to yield 9.99 per cent, while the partly paid auction stock itself – an 8¾ per cent Treasury Loan 1997 "C" – was 1⅛ points lower to yield 10.01 per cent.

Background, Page 7

Although technically successful, the more cynical in the market might claim that the Bank was not really committed to auctions in the first place, nor do some believe that British investors are happy with the system. Others might say the auctions were designed to be a modest failure, in market terms, from the outset.

It is also arguable, some analysts say, that a mixture of traditional forms of funding – tap issues and tenders – and a hybrid form of auctions has created uncertainty and unease in the gilt market.

Mr Bill Allen, of Greenwell Montagu, said: "British investors are not comfortable with auctions; they are not prepared to put their money where their judgment is. They would prefer to let the market price the stock tomorrow than price it themselves today."

Unlike previous auctions, yesterday's was barely covered by competitive bids. The Bank said it was covered 1.07 times – compared with 2¼ times for the first experimental auction in May and 1½ times for the second experiment in September.

The spread between accepted bids was also large –160 basis points – and compares with 80 basis points for the second auction in September and only 50 basis points in the first auction in May.

The Bank said the lowest price accepted was £91.50 (to yield 10.15 per cent) and the highest price was £93.10 (to yield 9.88 per cent). Non-competitive bidders were awarded stock at an averge weighted price of £92.45 (to yield 9.99 per cent).

Government seeks lifelong secrets

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT is considering whether and how provisions to ensure lifelong confidentiality by members of the secret and security services might be included in its proposed reform of the Official Secrets Act.

This has emerged at Westminster ahead of tomorrow's Commons second reading debate of the private member's bill from Conservative backbencher Mr Richard Shepherd. This seeks to reform the law and is strongly opposed by the Government.

Mr Douglas Hurd, the Home Secretary, last night explained the Government's position at a meeting of the Tory backbench home affairs committee in the face of considerable unrest over the virtually unprecedented imposition of a three-line whip (a direct order) against a private member's measure.

He is understood to have said that the Government believed that such a backbench bill was not the correct way to reform an area as important to the Government as the Official Secrets Act, especially as ministers have promised a White Paper on the subject this summer, followed by early legislation.

Ministers regard this bill as the most important Home Office measure on the agenda following the present Criminal Justice Bill.

The Government has not yet reached decisions on central aspects of its proposed measure and will therefore limit its objections to Mr Shepherd's bill to these general grounds and will not give a detailed response to its provisions.

Ministers have stressed that their proposal will not be more draconian than the present law since this might not get through Parliament.

The Government's focus will be on replacing the current section two of the Official Secrets Act which ministers regard as too wide and too weak. The present catch-all provisions prohibit the communication of all official information.

The aim of the new legislation will be to cover what is important and the present discussions cover the categories to be included, whether the disclosure of all information in these areas should be prohibited, or just that which does damage, and how that should be defined.

Ministry opens up torpedo contract

By David Buchan, Defence Correspondent

THE MINISTRY of Defence has introduced competition into torpedo manufacture by inviting UK companies to compete for a contract worth about £500m for the production of Spearfish, a heavyweight torpedo developed by Marconi Underwater Systems.

Torpedo manufacture is one of the biggest remaining defence industry monopolies. GEC-Marconi's MUSL has been the sole UK producer since the early 1970s.

The introduction of competition into torpedo making has been a key goal of Mr Peter Levene, chief of defence procurement, who has been publicly critical of the fact that, after spending some £5bn on torpedo development, the Royal Navy has only recently acquired reliable underwater weapons of post-Second World War design.

These are the lightweight Stingray and the heavyweight Tigerfish, both developed and made by MUSL.

Competition for Spearfish manufacture will be limited to UK companies on security grounds to protect the design developed by MUSL but owned and paid for by the MoD. When looking in 1981 for a successor design to Tigerfish, the ministry ran a competition between MUSL and Gould of the US.

The UK company won the contract for development and production of an initial batch of Spearfish, but now faces domestic rivals for bulk production of the torpedo.

Potential rivals to MUSL responded to early enticement from the MoD to enter the lists against MUSL by saying they would want "start-up" help from the ministry. The MoD flatly refused, saying the size of the production contract should be carrot enough.

UK NEWS

IMPLICATIONS OF DTI WHITE PAPER

Small business wins £250m boost

BY IAN HAMILTON FAZEY

THE DEPARTMENT of Trade and Industry is to spend more than £250m on subsidising new types of consultancy in the next three years as part of its "enterprise initiative" for businesses employing less than 500 people.

The initiative was launched yesterday at nine simultaneous press conferences from new "enterprise centres" in London and the regions. The DTI's new corporate image was unveiled and the first advertisements in a £3.9m television campaign were broadcast last night. Press advertising will cost £900,000.

Lord Young, Trade and Industry Secretary, said the initiative aimed not to "pick winners" but to put companies with fewer than 500 employees in touch with experts to help them apply modern technology and methods efficiently.

"DTI is about wealth creation – if the economy prospers, we all prosper," he said. "The enterprise initiative aims to make sure that the best business practice becomes common practice."

The initiative will have 10 key elements to help solve business problems and encourage expansion. These will cover marketing, design, quality control, manufacturing systems, business planning, financial and management information systems, regional assistance

Tony Andrews

Lord Young launches the enterprise initiative in London

and advice, exports, research and technology and educational links.

It will work through subsidised consultancies. The money – £50m of which will be available for 1988-89 – will help pay for 1,000 consultancies a month. The DTI will pay for the first two days and will involve an "enterprise counsellor" looking for untapped potential or inefficiencies, and then offering advice.

These counsellors – sent from the enterprise units in Birmingham, Bristol, Leeds, London, Manchester, Newcastle upon Tyne, Nottingham and the Welsh and Scottish Offices in Cardiff or Glasgow – will work on the same basis as those employed by the Small Firms Service at present.

They will be self-employed, often retired executives with wide industrial experience, who will each contract to be available to the DTI for at least 80 days a year.

The businesses will then be put in touch with specialists who work as independent contractors to the DTI. Half the cost of between five and 15 days' consultancy will be met from public funds, with the contribution rising to two thirds in assisted areas.

Consultancies in marketing, design, quality and manufacturing systems are available now. Those on business planning and financial and information systems will start in April.

The marketing initiative is being managed for the DTI by the Institute of Marketing. The work may involve finding the most profitable sectors of a market, assessing changing customer needs, planning product changes or developing an exports strategy.

The Design Council will manage the design initiative. Help will be given on design for efficient production, point of sale promotion and corporate identity.

Quality consultancy will be in the hands of the Production Engineering Research Association and, in the north-west, by Salford University Business Services. Advice will cover how to introduce quality control systems.

PERA will also manage the manufacturing systems initiative, which will offer help on manufacturing strategy and the introduction of modern methods and flexible systems.

Small businesses in development areas with less than 25 employees will be able to apply for investment grants up to a maximum grant of £15,000, together with half the cost of innovation up to a ceiling of £25,000 of grant.

The export initiative will operate through the British Overseas Trade Board.

Funds rise for Welsh industry aid body

By Anthony Moreton, Welsh Correspondent

THE WELSH Development Agency is to receive a 37 per cent increase in government funding in the financial year 1988-89 as a result of the changes in regional policy.

Mr Peter Walker, Welsh Secretary, said in Cardiff yesterday that the Government's contribution to the WDA budget would rise from £46m this year to £63.5m in 1988-89.

The WDA is generating £40.5m on its own account this year, making its total budget £86.5m. It is expected to provide more income itself so that its total spending in 1988-89 should be up by 30 per cent at £113m.

The rise was described by Mr John Williams, chairman of the WDA, as "a radical strengthening of our resources." It would enable the agency to expand a number of important sectors.

The most important is the advance factory building programme. The WDA has available only 8 per cent of its stock of factories and there is an acute shortage of units.

Mr Walker announced a further £1.5m, representing a 20 per cent rise, in funding for Mid Wales Development, the government-backed body to regenerate the economy of the rural region.

The WDA is to devote extra resources to its urban renewal unit and, in about six weeks, Mr Walker is to announce an important initiative for the industrial valleys of South Wales. Part of the increase will go to this programme.

Altogether, Wales is to receive another £54m in government money. Total government support for industrial and employment assistance in Wales for 1988-89 will be £194m. Money spent by the Department of Trade and Industry on consultancy aspects of the new programme and the business development grant scheme will be additional.

Complexity of grant range lifts demand for specialist advice

BY HAZEL DUFFY

THE RANGE of government aid for business is so wide and qualifications are so complex that more specialists are intervening to help companies, for a fee.

Ironically, Lord Young, Trade and Industry Secretary, in curtailing the regional development grant, is removing from the list the one grant about which business is most aware.

From March 31 companies can no longer apply for the grant which, because of its simplicity, has proved most popular in the assisted areas.

A survey last year for the consultancy arm of Ernst & Whinney, the accountancy firm, found that smaller companies, in particular, often thought the effort not worth the reward.

Lord Young wants to reach these very companies, to overcome this scepticism, through a move which includes:

- A national advertising campaign launched yesterday by his department.
- Strengthening the department's regional offices.
- Adding 24 satellite offices, some in premises used by chambers of commerce and local enterprise agencies.

Meanwhile, the following are some of the grants for which Micros Inc, a hypothetical, small, electronics company in a development area, might be eligible.

Regional aid: All such aid will be discretionary from the end of March. Companies in assisted areas must show that their project would create or maintain jobs and that it would not proceed without government help. The grant would be the minimum judged necessary to secure the investment.

Assisted areas include those classified as:

- Intermediate - the West Midlands and Manchester, for example.
- Development areas - Tyneside, Teesside, Merseyside, parts of North and South Wales, Strathclyde, the area around Dundee, south-west Cornwall and the Corby area.

Northern Ireland has its own, usually more advantageous, incentives.

Two new schemes come into force from which Micros, employing fewer than 25 workers, might benefit:

Investment grants of 15 per cent towards cost of fixed assets will be available from April 1, subject to a £15,000 maximum.

Innovation grants of 50 per cent to support product and process development, subject to a £25,000 maximum, will replace the wider Support for Innovation general scheme and the more specific programmes in microelectronics, software and fibreoptics, optoelectronics which were designed to encourage product and process development.

Apart from the grant aimed at very small companies like Micros, support for innovation in single companies will no longer be available.

The emphasis now is on providing support, national and European, for longer-term research and technology transfer which bring together companies and business and educational institutions.

Consultancy costs: Micros and all companies employing fewer than 500 workers can also obtain two thirds – half in non-assisted areas – of costs of consultancy services, paid by the DTI.

Consultancy projects of between five and 15 man-days will be covered in design, marketing, quality-management and manufacturing systems. From April business planning and financial and information systems advice will be added.

Later in the year a company can use an improved service to help formulate export plans, to set up a sales effort in another country and to help it through export documentation.

Experience in administering such services has been gained from Business Improvement Services, which extends cash grants to companies employing fewer than 200 workers in specified steel, shipbuilding and textile areas across the UK.

Training costs: A company could also qualify for grants covering 40 per cent of the cost of training for investment projects in assisted areas. Those can rise to 80 per cent through a matching contribution from the European Social Fund.

Computer training: Grants are available to encourage employers to train staff in computer skills.

Energy saving: Grants are available to help companies to save energy, covering consultancy and capital costs.

Relocation: If Micros decided to move to Scotland, Wales or Northern Ireland it could convince their various agencies that it would benefit from extra help in the form of premises and funds.

Loans are also available for companies investing in English rural areas or small country towns.

Special incentives are also available for businesses which locate in:

Enterprise zones - 100 per cent initial tax allowance for commercial and industrial property, 10-year rates holiday from date of zone's designation.

Inner cities - for acquiring land, buildings, or converting industrial premises.

Urban development corporations.

Further, there are:

European funds: Various European Community funds and the European Investment Bank offer loans at favourable interest rates, which can be equal to half of a project's capital cost.

Most of the above grants are administered by the department but they also involve the Manpower Services Commission and the Environment Department, as well as Brussels.

A survey by Peat Marwick McLintock for European employers' bodies last year found a high level of ignorance about EC grants.

Businessmen surveyed for Ernst & Whinney said there should be only one government office acting as a point of contact; 60 per cent called for a cut in the number of grant schemes, to simplify the system.

Investment incentives 'to remain'

By James Buxton, Scottish Correspondent

SCOTLAND and other parts of Britain that try to attract overseas manufacturing investment will be able to offer the same financial packages under the new system of regional aid as under the system due to be phased out, Mr Kenneth Clarke, Trade and Industry Minister, said in Glasgow yesterday.

Although the automatic regional development grant would disappear, enhanced funds would be available under regional selective assistance. "We have to ensure that we are not outbid by countries such as Ireland, Belgium and France," he said. "We will be perfectly competitive."

US companies thinking of investing in Britain did not put the grants available at the top of their list of priorities, he said. They were attracted more by such things as the general state of the economy, the availability of skilled manpower, access to the European market and the industrial relations record.

"Grants are not the first thing they ask about," he said.

Mr Clarke said he was slightly surprised by the reaction of the Labour Party and some backbench Tories who criticised the move to increase selectivity in regional aid. The Labour Party had made heavy use of selectivity in the 1970s.

He denied that the Government was reverting to a policy of giving civil servants the task of "picking winners" in industry.

He said: "The proposals for grants will come from companies in the first place." Civil servants would have to decide if they were commercially viable and if grants were necessary.

Management consultants await even bigger slices of the cake

Michael Skapinker explains how a fast-growing service industry can expect to reap further benefits from the white paper – in spite of problems in finding qualified staff

FOR BRITAIN'S management consultants, the Department of Trade and Industry's white paper is a cherry on an already delectable cake.

The demand for management consultancy services has grown rapidly during the past few years. The Government's plans to more than double the amount it spends on subsidising the use of such services by small businesses will help to ensure that that growth does not tail off.

However, many consultants confess that they are finding it difficult to find qualified staff to satisfy even existing demand.

The Management Consultancies Association says its members' fee income increased by 36 per cent to £228m in 1986. Fee income last year was probably close to £300m. The association's members account for about 65 per cent of the income of the total consulting market in the UK.

Given the size of the market, the amounts the DTI plans to devote to consulting are fairly substantial. The expenditure of more than £50m on consulting services in 1988-89 compares with the current £25m, and there will be total expenditure during three years of more than £250m.

The MCA reports that the amount of work its members receive from small clients is already up on previous years. In 1986, 17 per cent of MCA members' clients were small businesses, compared with 4 per cent in 1985.

Mr Brian O'Rorke, MCA executive director, says, unsurprisingly, that "we're very enthusiastic about the DTI initiative." He gives a warning, however, that there is a danger that the funds might be spread too thinly across too many projects.

Those consultants with experience of providing advice under existing government schemes believe the subsidies are an effective incentive to first-time users of consulting services.

"A lot of companies find it difficult to justify to themselves their first use of a consultant. Anything that takes them through that first hurdle is to be welcomed," says Mr Nick Pasricha, head of the business services group at Arthur Young.

Mr David Bishop of Peat, Marwick, McLintock adds that some small businesses are becoming more sophisticated in their use of consultants. He concedes that "new buyers of our professional services will be relying on us as professional people to deliver a quality product."

Therefore, the MCA's Mr O'Rorke says, small firms are probably better off using well-established names rather than individual consultants.

Mr Michael Grunberg of Stoy Hayward, which receives half its consulting revenues from small and medium-sized businesses, said that under existing schemes a consultant could expect to receive a maximum of £51 an hour. That compares with the usual rate of £60 to £75 an hour for a senior consultant's time. He argues that the amount available under the new scheme should be closer to commercial rates.

Several consultants say that the advice needed by small businesses is often substantially different from that required by large companies, which have the in-house expertise to enable them to define the nature of their problem before they approach a consultant. Small firms often spend their initial period with a consultant trying to discover what is adversely affecting their performance.

Nevertheless, Arthur Young's Mr Pasricha points out that the DTI's subsidies are available to companies with up to 500 employees. Companies with several hundred staff can be attractive clients even for the larger consultants, he says.

Most consulting firms claim that the increase in work from smaller companies will not dramatically alter the magnitude of their staffing problems.

"The demand for consultancy services over the past three to four years has been staggering anyway," says Peat Marwick's Mr Bishop. "We've already geared up our training and development programmes to cope with staffing increases of 20 to 30 per cent per annum. We will have another significant increase, but it is no more dramatic than what we have coped with already."

Guarded welcome for science innovation

BY DAVID THOMAS

RESEARCH and technical directors in Britain's electronics and information-technology companies were yesterday still digesting sweeping changes to the Government's innovation policies announced in the white paper.

There was a general welcome for the Government's commitment to encourage innovation in the economy and particular approval of the Department of Trade and Industry's desire to see British companies doing more collaborative research with their counterparts on the Continent.

But there was some disquiet at the size of the Government's support programme for high-tech research and at the decision that public funds should not in general go into high-tech projects that are close to the market. Initial reactions included:

Scale of support. Although the overall budget for a clutch of DTI innovation programmes is being increased from £190m this year to £210m next, the Government's longer-term support for information technology research is substantially less than some industrialists had hoped.

In 1986, an official committee recommended a five-year programme worth £1.05bn to which public funds would contribute £425m. Instead, the white paper says the UK will be contributing about £200m to the second phase of the European Esprit programme.

That will be topped up by a complementary national information technology initiative for which the DTI is earmarking £29m over three years and the Science and Engineering Research Council £55m over five years.

Mr Brian Oakley, former head of the Government-backed Alvey programme for information technology research, which is drawing to a close, and now chairman of the research wing of Logica, the software group, described the programme yesterday as quite respectable, particularly since the Esprit element is larger than had been expected.

Dr Alan Rudge, director of research and technology at British Telecom, argued that the reduced scale of the Government's programme would make it less relevant to large companies. "At that level, quite frankly it's not worth giving a lot of attention to it."

Orientation of the support. Mr Oakley questioned the Government's decision not to support research close to the marketplace, arguing that the trend of thinking in recent years was that public bodies should give more backing to research near exploitation.

Dr David Thomas, industrial liaison officer at Imperial College, London, said there was a danger that university research projects that were close to exploitation might be lost.

University research. Dr Thomas said academia seemed to have done well out of the white paper in that the SERC element of the new national IT programme was larger than the DTI element. He thought the anxiety in the universities in the past year about the future of information technology research would be dispelled.

However, he said the large amount of funds falling under the Esprit programme probably meant British academics would increasingly have to pursue collaborative projects with industry throughout European, rather than solely in Britain.

Small business. The white paper's commitment to shift the emphasis of Government support from large to small companies was welcomed by Dr Doug Eyeions, director general of the Computing Services Association, who said Britain's software industry contained many small companies that had found it hard to attract DTI attention.

However, Mr Don Whitehead, chairman of a small Manchester-based high-tech company, VSW Scientific Instruments, put that into perspective by recounting that last year his company had tried to get a DTI grant for the first time in its 12-year history.

Each time he appeared close to winning the grant, DTI officials changed the rules. "So from where I sit, this white paper is going to be quite humorous," Mr Whitehead said.

SE sets up settlements team

BY CLIVE WOLMAN

THE STOCK EXCHANGE is setting up a permanent unit of six to eight full-time staff to monitor the performance of securities firms in settling their bargains. This is the latest of a series of moves during the past six months to tackle the backlog of unsettled bargains.

The unit is replacing the task force set up in July when the backlog reached crisis proportions.

Since then, the backlog has been steadily reduced, by about 50 per cent from its August peak, partly as a result of the task force's initiatives and partly because of the drop in trading volumes following the October stock market crash.

The number of bargains in UK equities settled through the Talisman system has fallen from a peak of 70,000 a day during the summer, and more than 100,000 a day during the week of the stock market crash in October, to between only 20,000 and 30,000.

At the same time, the Stock Exchange has cracked down on firms that have been slow to settle outstanding bargains. They are being fined at a rate of £1 a working day for each outstanding bargain that should have been settled in the period between October 1986 and the start of February 1987.

During the past two months, the number of bargains outstanding from that period has been reduced from 3,000 to 2,500, and the exchange has collected about £60,000 in fines.

From the start of next month, fines at the same rate will be imposed on bargains outstanding from the period from February to last April.

In addition to those measures, two unnamed firms continue to have the daily volume of their trading restricted because of the seriousness of their settlement backlogs.

Meanwhile, the team that is developing Taurus, the Stock Exchange's computerised settlement system, which will end the process of physically transferring share certificates, has been working on proposals to simplify the system.

S Wales mines axe 200 jobs

By Anthony Moreton, Welsh Correspondent

ANOTHER 200 jobs are to be lost in the South Wales coalfield as British Coal fights to stem mounting losses.

The nationalised corporation, which now only employs 9,800 men in the coalfield, yesterday announced it was looking for voluntary redundancies among the over-55s at the Oakdale pit, in Gwent, the largest and most profitable mine in the coalfield.

Because of the difficult nature of mining at Oakdale, production is to be concentrated at two faces rather than three. Miners at the pit will consider the proposals on Sunday but on past experience they are likely to accept them.

At the Tredomen engineering works, 200 of the 280 men have already accepted redundancy terms offered just before Christmas. If sufficient men had wanted to stay on, British Coal would have sought to keep a small-scale operation open there. A large proportion of the men have voted with their pockets, though.

The men at Oakdale have been offered redundancy terms that would give long-service employees up to £24,000. Miners accepting redundancy can also receive a further £5,000 if they leave by the end of March.

Oakdale employs 1,170 men and made a profit of over £5m last year from almost 1m tonnes of coking coal. When it is slimmed down it will lose its position as the largest pit to the nearby Marine Six Bells, which employs 1,035.

Marine is one of the three big loss-makers in South Wales and has an uncertain future.

Futures body is first SRO to be authorised

By Alexander Nicoll

THE ASSOCIATION of Futures Brokers and Dealers yesterday became the first self-regulatory organisation to receive authorisation from the Securities and Investments Board, the umbrella body in Britain's new regulatory framework for financial markets.

Authorisation of SROs is a step towards implementation of the 1986 Financial Services Act. It will be illegal to carry on investment business after April unless authorised by an SRO.

Because of the time taken to vet applications, there is provision for interim authorisation of such businesses. The AFBD noted yesterday that futures and options businesses could receive temporary authorisation only if they applied to join the AFBD before February 27.

Magazines criticised

BY PHILIP RAWSTORNE

PUBLISHERS OF magazines for campers, climbers and walkers were acting against the public interest in refusing to accept advertisements which included information about the price of goods being offered, the Monopolies and Mergers Commission said in a report yesterday.

Mr Francis Maude, Minister for Corporate and Consumer Affairs, said in reply to a parliamentary question that an order would be made to remedy the situation.

The commission's inquiry, which followed a reference by the Director General of Fair Trading, found that the magazine publishers – Holmes McDougall, High Magazine, Rambler, and Mountain Magazine – would not accept advertisements which included price comparisons unless the product advertised was own-brand or exclusively imported and only available through the advertiser's own outlets.

The commission said this practice hindered or prevented readers from making an informed choice of goods and supplier and increased the average price level.

Specialised Advertising Services. Monopolies and Mergers Commission. HMSO. £4.50.

Retailer of Year is Next chief

MR GEORGE DAVIES, Next chief, was voted Retailer of the Year in a poll by retail analysts at Wood Mackenzie, stockbroker, **writes Maggie Urry.**

Votes by retailers, City retail-sector analysts and fund-managers gave him 36 per cent, and Mrs Anita Roddick, managing director of Body Shop International, second, 14 per cent.

Met Office buys new computer

BY FEONA McEWAN

THE Meteorological Office, which took a beating when it failed last October to give adequate warning of the worst storm in modern times, is to replace its computer with an improved model.

The new £5m supercomputer, the largest of its kind in the world and eight times more powerful than the present machine, allows significant improvements in the quality of forecasts.

It has superior resolution and speed and is expected to achieve a greater degree of accuracy in predicting weather forecasts.

Mr John Houghton, director general of the Met Office, who ordered an internal post-mortem into the storm fiasco, said: "Things should improve greatly. We will be able to update forecasts more quickly and greater speed means greater accuracy."

The new machine's finer resolution will provide information for global "weather" models on distances of less than 100 km between grid points compared with the current 150 km.

The supercomputer, called the ETA10, is made by Control Data, the UK subsidiary of Minneapolis-based Control Data Corporation.

Mr Houghton said: "The ETA10 will reinforce Britain's position as world leaders in weather forecasting. Many areas of commerce and industry, including the airlines, shipping companies, those working in the North Sea and in agriculture, already save tens of millions of pounds through the use of our information.

Poll tax figures released

BY RALPH ATKINS

AN AVERAGE-SIZE household earning less than £150 a week, will pay a smaller proportion of its income to local government under the community charge or poll tax system, the Government said yesterday.

Figures published by the Environment Department show 53 per cent of households in England will gain under the system, which is due to replace domestic rates from 1990.

The results are based on local government spending in 1986-87 and take account of benefits paid to low-income families. It is the first time the Government has published figures comparing average rate and community charge bills as a percentage of income.

Mr Michael Howard, Local Government Minister, in a written answer to a parliamentary question, said: "These figures demonstrate that domestic rates do not reflect ability to pay, that the poorest households stand to gain from the community charge."

For the average household with income of less than £50 a week, the average bill will fall from 4.1 per cent of its net income to 3.4 per cent under the new system. In the range £100–£150, the percentage will drop from 4.7 per cent to 4.6 per cent.

Among high earners, with incomes greater than £500 a week, the proportion will also fall – from 2.1 per cent under the rates system to 1.7 per cent with the community charge.

Go-ahead for radio expansion

THE GOVERNMENT has given the go-ahead for a potentially significant expansion of radio in the UK by approving broadcasting on split frequencies.

Local radio stations normally broadcast the same programmes on both medium wave and VHF/FM frequencies.

In 1985 the Government gave approval to a number of BBC and independent local radio stations to broadcast separate programme services

North Sea oil construction group launched

BY MAURICE SAMUELSON

A NORTH SEA oil construction company was launched last night as a result of a merger, announced 16 months ago, by the UK subsidiaries of US and Italian offshore operators.

The company, European Marine Contractors, is owned jointly by Brown and Root (UK), a subsidiary of the US Halliburton Corporation, and Saipem (UK), in which the Italian state-owned ENI group has a 50 per cent stake.

Mr Peter Morrison, Energy Minister, said that such mergers over the past two years had "strengthened enormously" the North Sea supply industry.

The collaboration of Brown and Root and Saipem brought together two companies with worldwide experience in the laying of oil pipelines, Mr Morrison said.

EMC will own and operate two of the world's biggest semi-submersible pipelaying vessels.

Finnish group takes over Deeko

By Maggie Urry

DEEKO, an unquoted public company that makes paper and plastic consumer products, has agreed to a takeover approach from Nokia, the Finnish diversified industrial company.

The deal will value Deeko at £10m to £14m, depending on the level of profits made in 1990. Deeko, based in north London and employing 400 people, has net assets of £4.6m and made pre-tax profits of £803,000 on sales of £19.4m in 1986.

Directors and other shareholders holding 58.9 per cent of the shares have accepted the offer. Deeko will continue to be managed autonomously by its directors.

As part of Nokia, Deeko will be better able to expand. For its part Nokia, which has a 50 per cent stake in British Tissues, was keen to expand in the market for tabletop consumer paper products, where Deeko is one of the market leaders in the UK.

Deeko makes Thomas the Tank Engine party paperware, paper plates, napkins, confetti, baking cases and similar products.

Terms of the deal are 36p a share in cash, 36p a share in 9½ per cent loan stock, and a further cash payment of up to 29p. There is a 72p-a-share cash alternative. Deeko, which has 243 shareholders, is being advised by Arthur Young Corporate Finance and Nokia by Ernst & Whinney Corporate Services.

Brown Group in talks to build Kobe excavators

BY NICK GARNETT

THE BROWN GROUP, the family-owned construction equipment manufacturer, is negotiating with Kobe Steel to build the Japanese company's Kobelco hydraulic excavators in the UK.

If the deal is agreed it will be another step towards the goal of main Japanese excavator makers to circumvent European Community anti-dumping duties by setting up production in the EC.

It would also mark a further stage in the remarkable growth of the North Yorkshire-based Brown company.

Six years ago Brown purchased the Norwegian Moxy articulated dump truck business. In the past 15 months it has signed a deal to make dump trucks for Komatsu of Japan, acquired the Parker stone-crushing machinery business in Leicester and signed a deal with TCM of Japan that will eventually lead to Brown's building that company's wheel loaders.

Brown also announced this week that it had bought Hymac, one of only two remaining British volume makers of standard full-size excavators, from the BM machinery group.

Japanese excavator makers were subject to a range of anti-dumping duties in 1985. Since then Komatsu has set up a production plant at Birtley near Newcastle upon Tyne with an eventual target of 2,500 excavators and wheel loaders a year.

Hitachi is establishing a joint manufacturing operation with Fiat near Turin which is also linked to a complex marketing arrangement. Mitsubishi has extended its co-operation agreement with Caterpillar of the US by setting up a joint operation to design and make excavators. As part of that, Caterpillar's Gosselies plant in Belgium will eventually make Mitsubishi excavators to be sold as Caterpillar products.

Mr Gordon Brown, Brown Group's managing director, declined to comment on the talks with Kobe Steel. Kobe's excavators had duties of 33 per cent imposed on them – the highest in the EC anti-dumping measures against Japanese excavators.

Those duties have hit European sales of Kobelco machines. Its only significant market share now is in Norway.

The Brown Group, which last year purchased a former British Coal facility at Cortonwood, South Yorkshire, is examining its production capability.

Mr Brown said yesterday that the plan was to make excavators and dump trucks at Cortonwood by 1990. The company was hoping to make 1,000 dump trucks a year by 1990 but the Norway plant was "bursting at the seams" producing at the current rate of 680 a year.

The deal with TCM initially involves distributing that company's wheel loaders. "We will manufacture these eventually," Mr Brown said.

Tourist industry 'set for record year'

BY FEONA McEWAN

THE BRITISH tourist industry looks set for a record year in terms of the number of overseas visitors and expenditure, according to government figures published yesterday.

In the first 10 months of 1987, 15 per cent more people came to Britain than in the same period of 1986.

The total of 13.9m was spearheaded by a sharp recovery in the volume of visitors from North America, which rose by 28 per cent. The previous year saw a steep fall in the number of North American visitors to the UK in the wake of the US bombing of Libya and the Chernobyl nuclear disaster.

Other nationalities, too, chose Britain in greater numbers. Visitors from Western Europe increased by 14 per cent and the rest of the world showed a 5 per cent rise.

Spending was also buoyant. Foreign visitors spent £5.5bn in the UK in the first 10 months of the year, a rise of 18 per cent.

Mr Duncan Bluck, chairman of the British Tourist Authority, said yesterday: "1987 will easily exceed the record 1985 figure of 14.4m visitors, making it the best year in the history of overseas tourism to Britain."

Traffic in the reverse direction, in terms of UK residents travelling abroad, showed flatter growth. The number of Britons heading overseas in the three months to October, for instance, showed only a 1 per cent increase on the same period in 1986, to total 9.7m.

Overall, the number of Britons who ventured abroad in the 10 months to October last year rose by 8 per cent to 24.4m.

None the less, those who did venture overseas spent more heavily. In the year to October last year, UK visitors spent £6.6bn overseas, an increase of 20 per cent.

In total, figures show a deficit on the travel account of the balance of payments of £1.1bn in the year to October 1987 compared with a deficit of £801m in the corresponding period in 1986.

N Sea oilfield appraisal system to cost £30m

BY STEVEN BUTLER

OCCIDENTAL PETROLEUM, the US oil company run by Mr Armand Hammer, is spending £30m with its partners to install an oilfield appraisal system at its Birch field in the North Sea.

Occidental, which operates the field, said this would be the first time that such a system would be established on a stand-alone basis, away from fields that can be linked to existing production facilities.

The field, discovered in 1985, already has an exploration and an appraisal well. Two more wells are to be sunk which will be used to assess the size of recoverable reserves of oil and gas and to study the performance of the reservoir while existing wells are put into production.

In remote fields, such as Birch, reservoirs are typically assessed by drilling a series of appraisal wells.

Occidental said the system envisaged would yield better information, was expected to be more cost-effective and could be funded at least in part by the oil produced at the site.

A turnkey contract for installation and operation of the facilities was awarded to a British joint venture between Atlantic Drilling and Single Buoy Moorings. Tests are expected to last from 18 to 24 months.

Occidental's partners at the field include Placid Oil, Sun, North Sea Sun Oil, International Thomson, Trafalgar House Oil and Gas, and Dyas (North Sea).

SOCIAL TRENDS 1988

REPORTS BY ALAN PIKE

Family life moves away from convention

PHOTOGRAPHS OF three families through the ages illustrate the front cover of the 1988 edition of Social Trends, the Government's annual compilation of statistics on everything from crime rates to the length of hedgerows.

However, the information inside Social Trends demonstrates that conventional views of the family – so often evoked as the British archetype by ministers in the present Government, the clergy and the advertising industry – need to be revised.

Many people may still hold the view that the typical household consists of a married couple and their delightful children. But in reality nearly a quarter of all households consist of a single person, compared with about one in 10 in 1951. Further growth in the trend towards living alone is expected to increase the number of single-person households from 5.2m in 1986 to 6.6m by the turn of the century.

When you do encounter the sort of couples with children shown on the cover of Social Trends, it is an increasingly risky bet to assume that mother and father are married. One of the most steeply rising graphs in the entire book illustrates the illegitimacy rate (a term which has been applied to children who were "neither conceived nor born within marriage" since the start of birth registration in 1837.)

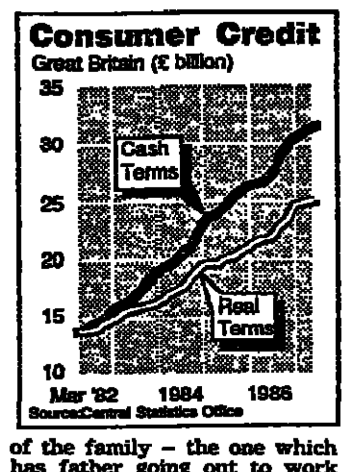
Apart from a couple of peaks around the two world wars, that stood at about 4 per cent of all births for most of this century. It has now pushed through the 20 per cent barrier.

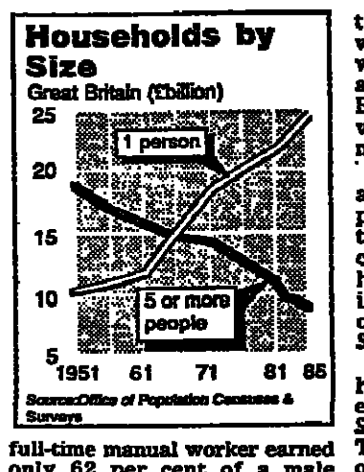
But there has been a marked increase in the number of illegitimate births registered by both parents – up from 38 per cent in 1961 to 66 per cent in 1986 – and in three quarters of these cases both parents share the same address.

Social Trends says: "These figures suggest that at least half the children born outside marriage in 1986 had parents who were living together and were likely to be bringing up the child within a stable non-marital union."

Nevertheless, the proportion of children living in single-parent families – usually with their mothers – rose from 8 per cent in 1972 to 13 per cent in 1985. While the traditional married couple-type family retains the numerical majority, the proportion of children living in such arrangements fell from 76 per cent in 1972 to 69 per cent in 1985.

Another conventional notion of the family – the one which has father going out to work while mother stays at home looking after the young children – is, according to social surveys, still regarded as the best arrangement by 76 per cent of all adults.





Again, that is challenged by reality. An overall increase of 1.8m in the labour force between 1971 and 1986 was, says Social Trends, "entirely attributable to an increase in the number of females in the civilian labour force."

There are increasing chances that mother will work, and earn less for doing so than if she were a man. An average female full-time manual worker earned only 62 per cent of a male full-time manual worker's gross weekly pay in 1986. But mother's boss may say it serves her right – female employees were more likely to have been absent from work through sickness

How do typical British families spend their time when they are not rejoicing in the lowest road accident death rate in the EC and celebrating the fact that their children have at least a 50 per cent chance of being in employment three months after leaving the Youth Training Scheme?

According to the leisure section of Social Trends, they watch television (women watched 30 hours 42 mins of it a week last winter) and visit Blackpool Pleasure Beach (6.5m visitors in 1986, six times as many as the Tate Gallery.)

But Social Trends reveals another national hobby which puts television and Blackpool in the shade – running up bills on credit cards. Consumer credit has increased substantially during the 1980s, with the level of outstanding debt reaching £31bn by March 1987.

Alchoholic drink outside the home tops the average weekly expenditure on leisure items – £5.76 per household in 1985. That is followed by expenditure on holidays at £4.98 a household a week.

By contrast, although business sponsorship of the arts rose to more than £25m in 1986-87, the average household spent only 23p a week on theatre and concert tickets in 1985. Even households with incomes above £300 a week spent only 55p. Perhaps a Government that emphasises Family Values, even in the age of the changing family, has little to fear from those who allege that its arts funding policy is Philistine.

Social Trends 18, 1988 Edition. HMSO, £21.

Evidence mounts of society becoming more unequal

SOCIAL TRENDS will provide further evidence for those seeking to argue that Britain is becoming a more unequal society.

It says that between 1976-85 the distribution of UK household original income became steadily more unequal: the bottom 40 per cent's share fell from 10.2 per cent to 6.3 per cent, the top 20 per cent's rose from 44.4 per cent to 49.2 per cent.

Differences in household disposable income, when the effects of factors such as taxation and benefit payments have been taken into account, produce a less marked change but the trend remains the same: the bottom 20 per cent's share fell from 7 per cent to 6.5 per cent, the top 20 per cent's grew from 38.1 per cent to 40.6 per cent.

Total household disposable income, which rose from £78.3bn in 1976 to £243.9bn in 1986, was, after allowing for inflation, a 30 per cent rise, compared with the 1981-86 increase of 17 per cent.

Nearly 20 per cent of the adult population now owns shares, 15 per cent of them in the privatised state companies or the Trustee Savings Bank; half the people owning privatisation shares hold no others; as many women as men own privatisation shares and 66 per cent of such shareholders come from skilled manual and unskilled ocupations.

The population itself is changing markedly: by the year 2000, the UK with 58.9m people, may have overtaken Italy to have the EC's second-largest population after West Germany.

The UK already has the EC's largest proportion of population aged more than 60 years and the move towards an older population will continue.

By 2025 the very elderly population, those aged 85 and more years, is projected to be 1.4m, double the current number. It is expected that by the same date the population growth rate for Europe will have declined to almost zero.

The size of Britain's non-working-age dependent population will be much the same in 2025 as it was in 1971 but with far fewer children and many more elderly people. That will reduce demand for education but increase pressure on health and welfare services.

Call for changes to legal aid

By Raymond Hughes, Law Courts Correspondent

THE Law Society is calling on the House of Lords to make significant changes to the Legal Aid Bill.

In a briefing issued to peers, who will debate the bill today, the Law Society has put forward a number of amendments on what it regards as key aspects of the legislation.

It says the amendments will ensure that Parliament keeps real control over key features of legal aid and allow the legal profession to continue its vital contribution to the success of legal aid by providing for proper consultation.

The amendments also underline the independence of the new Legal Aid Board that will administer the scheme and the need for the board's members to have a wide spread of interest and experience.

The Law Society says the bill is largely an enabling measure. For the most part, the substance of the legal aid scheme will be set out in regulations, not in the bill.

In effect, the Law Society says, the bill leaves the future shape of the scheme largely in the hands of the Lord Chancellor and the Treasury.

The Law Society also supports an all-party amendment to the bill that would impose on the Lord Chancellor a duty to secure the provision of a legal aid scheme designed to ensure access to legal advice and representation for people of moderate means.

Credit card interest 'too high'

BY DAVID LASCELLES

BANKS' INTEREST rates on credit card borrowings are too high and should be cut and there should be more more competition between credit-card companies, says the National Consumer Council in evidence to the Monopolies and Mergers Commission inquiry into credit cards.

It says that since 1979 bank credit card interest has been on average 14 percentage points higher than the banks' base lending rate and, more often than not, double it.

It says that is wholly unjustified in the light of the greatly reduced risks run by credit card operators and the rising profits earned by banks.

The rates charged by retailers on their own cards are even higher, rising to 39.9 per cent in the case of Dixons, the electronic-goods store chain.

It says price competition in the credit card business is negligible.

It notes that the bank card sector is dominated by Access and Visa. Barclaycard, a part of Visa, alone accounts for 40.8 per cent of market share by annual turnover.

Terms of service are also imposed on customers, who cannot choose whether to pay their monthly bills by cheque or direct debit.

The council recommends that cross-subsidisation within the credit card business be investigated and that any deals preventing card operators recruiting more outlets should be revoked.

It wants the commission to investigate credit card providers' plans for cashless shopping systems that enable buyers to pay with electronic plastic cards at the till.

The commission inquiry began last May. The council presented its evidence to the commission in November but is releasing it publicly today.

Credit Cards Evidence. National Consumer Council, 20 Grosvenor Gardens, London SW1W 0DH. £2.50.

● Applications by consumers for credit facilities were up by 24 per cent last year, says Infolink, a credit-information agency. That reflected more activity by building societies and a record year in the automobile market.

Highest growth came in the second half with a 30 per cent rise in applications in September and October. That fell slightly at the end of the year with December showing a 24 per cent rise.

Used-car venture wins support

BY JOHN GRIFFITHS

WESTERN MOTOR Holdings, the Thames Valley-based motor trade and vehicle distribution group, yesterday became the first substantial public company to link itself openly with a national franchise to retail used cars being set up by Mr Michael Orr, the flamboyant founder and former chief executive of Colt Car Company.

Mr Orr says nearly 200 dealers, including other public groups, are committed to joining National Vehicle Reserve (NVR), the chosen name for the venture, which is the first of its type in the UK.

Among Western Motor Holdings' subsidiaries are Penta Group, which operates nine new-car franchises in the Thames Valley; Autocar & Transporters, which delivers some 200,000 cars a year for vehicle manufacturers, and Drive Technical Centres, the parts and service arm of the former Asdadrive operations run by Asda-MFI. Two months ago it also acquired, for £20.6m, the Lada cars importer to the UK, Satra Motors.

Mr George Jackson, Penta's director of sales and marketing, said the concept, "of supplying tested and guaranteed used cars to dealers' specifications is in our view an extremely useful and time-saving idea. Our sales managers will no longer have to spend valuable time out of our showrooms looking for the right used vehicles."

NVR, launched to potential dealers last October, ends a three-year absence from the motor trade for Mr Orr imposed under the contractual terms of his departure from Colt.

The venture, established by Mr Orr, Mr Richard Styer, a former sales director at Colt, and Mr Bob McCullogh, a former BMW (GB) executive, has set an initial target of a 250-strong dealer chain selling a minimum 5,000 used cars a year in addition to the dealers' existing new and used sales.

However, according to Mr Orr: "What the eventual size of the business may be is as long as a piece of string – there are 22,500 motor traders in this country and there are 7m car deals every year."

Some dealers are already trading informally under the system, he said, as a pilot exercise before NVR's retail launch in late summer. Dealerships are to have standardised logos and livery in the same way as a conventional new car franchise.

The idea of the franchise is that dealers have access to a reserve of cars bought by NVR on their behalf across the country.

NVR has also linked with UDT, the finance house, for the provision of a 90-day stocking plan to dealers

BA carries 16% more passengers

By Michael Donne, Aerospace Correspondent

THE NUMBER of passengers carried by British Airways in the first nine months of the current financial year rose by 16.2 per cent to 18.26m compared with the same period in the previous year.

All sectors of the airline shared in this growth. UK-European traffic rose by 12.7 per cent to more than 11.2m and long-haul traffic increased 16.6 per cent to nearly 4m. Charter traffic was also strong.

Cargo traffic also increased, with the number of tonne-kilometres flown rising by 13.9 per cent to 1.24 bn.

Although BA does not give revenue or profit figures for the nine months to December, they are likely to be good. This is because the overall load factor - the proportion of available seating and cargo capacity actually filled - rose to nearly 70 per cent compared with 64.3 per cent in the previous year.

Final traffic figures for the year, which ends in March, are likely to show an equally good result. They will be boosted by the addition of British Caledonian's passenger and cargo operations after the takeover of that airline by BA early in January.

Also, from now on, BA will be benefiting from the worldwide marketing co-operation agreement signed with United Air Lines of the US last month, which gives each airline a greater presence in the world where the other dominantes.

Liverpool Airport sale offer rejected

By Ian Hamilton Fazey

MANCHESTER International Airport at Ringway yesterday took an unexpected decision not to bid for the loss-making Liverpool Airport, which the Government wants to see sold off – and privately hoped that Manchester would buy.

Ringway is owned by the conurbation's 10 local authorities. Its board of directors said there was enough capacity to cope with 10 more years of expansion and Liverpool's international runway was not needed.

Instead, it offered a "partnership" to whomever buys the airport, with Manchester running air traffic control, marketing and communications for both airports.

Manchester is believed to be concerned over Liverpool's labour relations problems, which have prevented the airport's overmanning being tackled.

Both airports survived the abolition of the metropolitan councils councils that owned them. Greater Manchester's district councils had a success on their hands and found a formula to take and keep control, while Merseyside's five councils were more reluctant. While Manchester has set records every year, Liverpool has languished, with recent annual losses of £3m.

Gilt-edged auctions end with a whimper

THE BANK of England's experiment with auctions of gilt-edged stock ended yesterday like T.S. Eliot's vision of the end of the world – more with a whimper than a bang.

The experiment is now over and on the available evidence the case for bowing out gracefully and bringing them to an end seems quite strong.

According to analysts, it is doubtful whether the Goverment has saved itself anything in terms of the costs of funding through the experiments and equally doubtful whether investors and primary traders have derived any benefit from them.

That is likely to be good news for the Bank, which has never been enthusiastic about auctions since they first became an issue about the time of Big Bang. It was not prepared to sell stock only by auction, as is the case in the US, and so the role of auctions in funding was only going to be small.

It is also arguable, some analysts say, that a mixture of traditional forms of funding – tap issues and tenders – and a hybrid form of auctions has created uncertainty and unease in the gilt market.

More to the point, however, an auction is a hostage to fortune because of

Simon Holberton on the results of an experiment in state funding

the need to publicise it well before it is held. That robs the Bank of flexibility in funding and the power over the gilt market which it enjoys under the tap, and to a lesser extent, tender methods of selling stock.

The gilt market will have to wait an unspecified time before the Bank delivers its final judgment on the experiment, having first canvassed the Treasury's opinion.

The view of primary dealers in the market yesterday was that although the auctions had been technical successes, that was about all that could be said for them. The Bank has been able to sell the stock, but at a price and to the cost of market stability.

Auctions have not proved superior to the Bank's other forms of funding and, given the outlook for funding this coming financial year, the argument in favour of a regular series of auctions is less compelling than it would have been in past years when the public-sector borrowing requirement was much larger.

So far this financial year the Bank has issued a gross £12.8bn of gilts, of which £10bn has been through taps and tenders, and £2.8bn by auctions. In the coming financial year the Bank's funding programme is not expected to be heavy, with analysts' forecasts of gross issues of between £9.2bn and £10.5bn, of which net gilt sales might be very low indeed.

***Although* the three auctions have been technical successes – the Bank has sold all the stock on offer and not had to pull an issue either because of unsettled market conditions or lack of support – they have been a qualified success at best and yesterday's too close to a disaster for comfort.**

In the view of many, that is because of the way in which the Bank and Treasury conceived of auctions in the first place. In spite of the deregulation of financial markets which followed Big Bang, the authorities were not prepared to embrace a fully-fledged auction system for selling government debt.

The more cynical in the market, who claim the Bank was never really interested in auctions in the first place, would say the auctions were designed to be a modest failure, in market terms, from the outset.

They point to the fact that in only one of the auctions – the first in May – was a new stock issued. Such a stock requires primary dealers to do more work in the pricing of the issue whereas in the last two auctions the Bank sold additional lots to existing gilts, the prices of which could be easily determined.

The Bank would deny those charges. On the latter it would claim it was making pricing easier for the market by issuing an existing stock.

On a broader aspect of funding policy it would say the aim of its operations is to preserve the liquidity of the gilt market so as to engender investor confidence. It tries to issue stock – generally into a rising market – in a way that would not undermine the market and this is simply not always possible in an auction system.

Alice Rawsthorn reports on opportunities created by stricter safety regulations on furniture

Fire rules mean business for foam and fabric makers

ON MONDAY afternoon Mr Francis Mande, Minister for Consumer Affairs, ended weeks of fuss and furore by announcing revised regulations intended to reduce the risk of fires in the home.

The regulations cover the fire resistance of upholstered furniture. They have also, perhaps unwittingly, created opportunities for the British foam and fabric industries.

The new rules ban the use of standard and high-resilience polyurethane foam in furniture from the end of February next year. Moreover, furniture fabric must pass the "match test" (rather than one involving a smouldering cigarette) from the end of February in the following year.

For the foam industry these rules offer a chance to increase sales of the combustion-modified high-resilience foams developed over the past few years. Similarly, fabric manufacturers should be able to take advantage of demand for flame-retardant fabrics.

Almost all the upholstered furniture sold in Britain is made by British companies. Most of the foam used to fill furniture is also British. In recent years many manufacturers have developed foams with higher fire resistance than the standard polyurethane products they have supplied to the furniture industry since the 1950s.

So far these foams – which are more expensive than standard ones – have been produced in small quantities for use in contract furniture. Since the Christmas period, when it became clear that the Government would succumb to pressure to tighten its regulations on flammability, the foam companies have experienced a rush of interest from domestic furniture manufacturers.

Although the regulations will not come into force for another year, furniture manufacturers and retailers are eager to offer "safer" sofas and chairs as quickly as possible. The foam companies which are already producing combustion-modified foam are racing to increase production to steal a march on competitors.

Francis Mande: ended weeks of fuss and furore

Technically, the switch from producing one type of foam to another is relatively simple. The challenge for the foam companies is to build up sufficient volume.

Beaverco's response is to increase output from its established plant in Alfreton in the short term – which will involve the creation of 100 jobs – and to open factories. "We have a head start on the rest of the industry and we intend to make the most of it," said Mr John Prudhoe, managing director.

Yet its competitors are hard on its heels. Dunlopillo plans to boost production of Safeguard DX foam at its Hirwaun factory in South Wales over the next six months. The management team is considering the most efficient ways of increasing capacity.

Similarly British Vita is in the final stages of switching production at its Middleton plant near Manchester from high-resilience to combustion-modified foam. It has already increased its workforce in recent weeks. The creation of more jobs will, according to Mr David Hine, chairman of Vitafoam, "depend on the level of demand."

In many ways the new flammability regulations offer a more dynamic opportunity for the fabric sector. In contrast to foam, most of the fabric used by the furniture industry is imported. Nevertheless, some British textile groups – chiefly Dawson International, Courtaulds and Coats Viyella – are involved with furniture fabric production. All three are investing in the development of fire-resistant fabrics.

There are two ways to produce such fabric: using flame-retardant fibres to construct it or treating the finished fabric with a special coating. The principal obstacle has been that such treatments have often detracted from the finish, handle and colour fastness of the material.

The technical difficulty has been exacerbated by the relatively low level of demand – or the lack of a "commercial incentive", as the British Textile Confederation argued in a recent submission to the Department of Trade and Industry – which has inhibited investment in flame retardancy.

The new regulations should provide such an incentive and the textile industry is already responding. Dawson International, which is one of the largest suppliers of furniture fabric through its Dawson Fur Fabrics subsidiary in Huddersfield, is developing flame-retardant acrylic velvets.

The development is still at the test stage and Dawson has not yet gone into commercial production. Nevertheless, the company is confident that it will be ready to do so, and able to meet the needs of the furniture industry, by the end of February 1990.

Similarly Courtaulds is working on ways to apply its flame-retardant finishes – already used in curtain fabrics – for use in upholstery. Coats Viyella is developing flame-retardant fabrics for aircraft seats, and to a lesser extent for car upholstery. It is now investigating the feasibility of adapting that work for use in the domestic furniture field.

For the foam producers, which have already developed combustion-modified foams, the new regulations offer an opportunity to win sales from their competitors. The fabric manufacturers have set their sights higher: to claw back market share from imports.

UK NEWS – EMPLOYMENT

Computer staff choose own shift pattern

BY DAVID BRINDLE, LABOUR CORRESPONDENT

COMPUTER STAFF at the National and Provincial Building Society have chosen their own shift patterns in an unusual example of flexibility of working time.

While staff at one of the society's two computer centres opted for mainly eight-hour shifts, those at the other chose a system of 12-hour stints.

The society had asked the staff to come forward with preferred shift patterns to guarantee 24-hour cover, seven days a week. It says it exerted no pressure and was prepared to accept any formula that proved viable.

Mr John Wood, the society's personnel and administration manager, said: "Probably the biggest hurdle was convincing everybody it was 'open house', that it was not a trick but a genuine attempt to try to meet the needs and get everybody to think laterally."

The society employs a total of 26 computer operators, 11 senior operators and five shift controllers at the two centres at Bradford, West Yorkshire, and Burnley, Lancashire.

In the past, the Burnley centre had worked a three-shift system, five days a week. At Bradford, there had been a five-day, two-shift system with extensive overtime working. Shifts had been eight hours in each case.

Computer operators at Burnley opted to retain eight-hour shifts from Monday to Friday and introduce 12-hour sessions at weekends; their opposite numbers at Bradford chose 12-hour shifts through the week.

Senior operators and shift controllers at both sites plumped for 12-hour shifts (three in one week, four the next), but chose shift-change times of 7am and 7pm, rather than the operators' times of 6am and 6pm.

Mr Wood said the Burnley operators' choice of eight-hour shifts might be explained by most of them being women. Most of the Bradford operators were men. On the other hand, women senior operators and shift controllers had opted for the 12-hour pattern.

Mr Frank Needham, general secretary of the society's staff association, said: "The members were reasonably pleased that they were being consulted and that decisions were not being taken for them."

The society negotiated shift rates for each group of staff once the patterns were agreed. It was decided that Burnley operators should have a pay premium of 32 per cent and that those in Bradford should have 35 per cent. Staff who previously earned high overtime payments will receive compensation for the next two years.

Court review sought on 'lack of social workers'

BY OUR LABOUR CORRESPONDENT

NALGO, the white-collar union, is bringing legal action against a London borough for allegedly failing to employ sufficient social workers to fulfil its statutory duties.

The union is seeking a judicial review of the policies of the Labour-controlled London Borough of Haringey, which says rate-capping is forcing it to make £50m of cuts.

The case will be an important test of local authorities' vulnerability to challenge over their statutory responsibilities. If Nalgo is successful, it could trigger similar challenges elsewhere.

Nalgo claims that Haringey's social services director last year recommended the creation of 54 extra social services posts to, in part, ensure statutory obligations were met.

Figures being used by the union in its legal challenge suggest that in one area of the borough in one week last October, 65 cases were unallocated to social workers.

Of these, 31 were child abuse cases with a statutory duty to act, 12 were cases under the Mental Health Act and three involved elderly people considered to be at risk.

Publishers face action threat by journalists

By Jimmy Burns, Labour Staff

THE National Union of Journalists is planning a national day of action, including a half-day strike, by its members in the book publishing industry next month in protest at what the union believes is a growing trend within the industry towards union de-recognition.

A final decision on the day of action, announced yesterday following a meeting of NUJ officials, is subject to a members' vote.

But Mr Mike Hill, NUJ national organiser for the book publishing industry, claimed yesterday that there was a feeling of "increased anger and concern."

Moves to non-union status have mainly involved companies which have been acquired by the Octopus Publishing Group as part of a spate of mergers and takeovers in publishing.

Some employers claim that non-union status offers them greater workplace flexibility in the increasingly competitive world of book publishing.

But some NUJ officials believe that de-recognition is undermining a tradition of workplace co-operation and sacrificing quality and writing to hard nosed business tactics.

The NUJ is recognised as a bargaining unit in more than 30 book publishing companies and claims a national membership within the sector of over 2,000.

● Employees in the Glasgow offices of Collins, one of the world's leading publishing houses, yesterday declared themselves in dispute with the company over an imposed pay package.

Building workers exempted from union levy for Labour

BY PHILIP BASSETT, LABOUR EDITOR

UCATT, the construction workers' union, is effectively being exempted from contributing to overall trade union funds for the Labour Party.

The dispensation has been given by the Trade Unionists for Labour, the unions' political umbrella group, after Ucatt leaders decided to withdraw from TUFL in the wake of a similar move by the AEU engineering workers' union.

Ucatt argued before Christmas that, like the AEU, it could not afford to meet agreed, mandatory changes in unions' contributions to TUFL, which are being raised to 10p per member annually. Ucatt has also been critical of the TUC's spending.

Following the loss of the AEU, Ucatt has now agreed not to pull out of TUFL but only on the basis that it makes no contributions for the present.

The TUFL executive yesterday discussed the AEU's withdrawal and the Ucatt position and some unions - notably the shopworkers' Usdaw - made it clear that they too were finding the contribution levels difficult to meet. Even large contributors such as the GMB general union indicated that they might find it difficult reaching agreement internally on such payment levels.

Plans for a pilot scheme in 11 political constituences for lower individual contribution rates for Labour by individual trade unionists are now well advanced within TUFL. The group's executive decided yesterday to make a further appeal to individual union members by preparing a special insert section in Labour's activist paper, Labour Party News, specifically for trade unionists.

Illegal migrants among 'most exploited' group

BY PHILIP BASSETT, LABOUR EDITOR

UNAUTHORISED workers - migrant employees working illegally in the UK - constitute one of the most exploited and vulnerable sectors of the UK labour force, according to a report claimed to be the first study of this group of workers.

The report, published by the Runnymede Trust charity with financial help from trade unions, gives no estimate about the number of unauthorised workers in the UK, but says most such employment takes place in the hotel and catering industry, in the garment industry, and in contract cleaning.

It says: "Unauthorised workers have proved to be a useful - even indispensible - source of cheap and flexible labour."

The report distinguishes between unauthorised workers who are working in breach of their conditions of staying in the UK, those who are working while overstaying their period in Britain, and those who are illegal immigrants.

It is largely based on lengthy interviews with 25 unauthorised workers, whom the authors claim form an illustrative sample. Of the sample, the majority were working in hotels or catering establishments.

Two-thirds of the sample felt they were being substantially underpaid because they were unauthorised. Many have two or more jobs – sometimes two full-time jobs.

Often these workers have no holidays, no sick pay, no job security, no promotion, no training and work consistently excess hours, the report says.

Among the sample, union membership was high at 20 per cent – double what is thought to be the rate overall for the hotel and catering industry. However, the authors accept this may be distorted by their sample, and acknowledge that in practice unionisation is very difficult because of high labour turnover and workers taking jobs in non-union establishments.

Undocumented Lives: Britain's Unauthorised Migrant Workers, by Nony Ardill and Nigel Cross; Runnymede Trust, 178, North Gower Street, London NW1 2NB; £2.95.

Some nurses may join strike over tendering

By Our Labour Staff

SOME NURSES are expected to join a one-day strike by health workers in Edinburgh today in protest at hospital ancillary services being put out to competitive tender.

The strike is planned to coincide with a meeting of Lothian Health Board, which has cancelled all but emergency operations in anticipation of disruption.

Lothian, like other Scottish health boards, has come under strong government pressure over competitive tendering. The process has hardly begun north of the border, whereas English health authorities have almost completed it and are contemplating a second round.

The Scottish divisional council of the National Union of Public Employees yesterday backed the use of action.

Nurse members of Nupe and Cohse, the health workers' union, are expected to join today's strike. But Lothian said these were only a small minority of the total nursing staff at the hospitals likely to be hit.

Charles Leadbeater on questions that will follow a Scargill victory

Arthur courts the sceptical Welsh miners

"THIS ELECTION is all about Arthur. Walsh will not get a sniff down here." So says one South Wales supporter, at Ogwr coal workshop, of Mr Arthur Scargill, president of the National Union of Mineworkers, about the current NUM leadership contest.

Of his opponent Mr John Walsh, Mr Peter Evans, from Merthyr Vale and a member of the South Wales NUM executive, says: "Men remember that when Johnny Walsh stood for general secretary in 1984 we called him almost every name under the sun. We can hardly stand up now and say 'vote Walsh.'

"This is a traditionally left-wing coalfield. Many would have to swallow very hard before voting for someone identified with the union's right wing."

It seems almost certain that Mr Scargill will win a substantial majority in South Wales – the area which has been most critical of his leadership of the NUM over the last 18 months.

However, far from heralding an end to the bitterness, the election seems to have only added to the rancour. Mr Des Dutfield, South Wales NUM president, says of Mr Scargill's election speeches: "It makes me sick, the way that Arthur says he was the only one to predict pit closures in the early 1980s, as if he was a lone prophet in the wilderness.

"We came out in South Wales in 1981 and 1983 against pit closures. When we went to Yorkshire for support we did not get it. Cortonwood, the pit which sparked the 1984-85 miners' strike, was the first to turn us away."

The election has also given supporters within the coalfield of Mr Scargill greater confidence in criticising the area's leadership. These tensions may spill over into open conflict, once the election is out of the way, should the leadership decide to proceed with an inquiry into the alleged involvement of Trotskyites in Mr Scargill's campaign team.

Nevertheless, the area leadership's position seems fairly robust. The Labour Party and the Labour movement is the establishment in the valleys and the NUM leadership plays a central role in its power.

Mr Dutfield can still rely on strong support from pits such as Oakdale, the largest in the area with 1,200 miners. On Tuesday morning, Mr Colin Tapper, the lodge secretary, was preparing for the announcement by management of 180 redundancies.

Morale was low because of the uncertainty. He said: "The election, Arthur's campaign, have done nothing to lift morale. The only thing that could would be a secure future for the pit and that is something Arthur cannot deliver."

Miners in the canteen said they respected Arthur's principles but they want him to develop a more stable relationship with British Coal. Their experience at Oakdale makes them suspicious of his assurances that such a move would be self-defeating.

Mr Tapper said: "Talking with management has achieved a lot here. We have turned a £20m loss into a £5m profit. By talking things out we have managed to avoid an unofficial dispute since the end of the strike.

"Issues which have provoked strikes in Yorkshire have been settled through agreements here. You may only win a fraction more but you nearly always win more by talking."

At nearby Penallta colliery local NUM officials have gone against the area leadership by nominating Mr Scargill for the presidency. They calculate that more than 70 per cent of Penallta's 450 miners will vote for him.

This does not mean they entirely endorse his policies. As Mr Terry McCarthy, lodge chairman, explained: "Many will vote for him but with reservations. Industrial action is always at the forefront of his mind but they will not follow him in another strike. They want Arthur but they want him to change."

South Wales miners will vote on Friday on whether the overtime ban, over British Coal's disciplinary code, should be stepped up as Mr Scargill wants. The area leadership confidently expects escalation will be rejected.

Mr Dutfield hopes that after the election the union will adopt a more open attitude to discussing internal differences, and negotiations with the corporation.

At Tenttlinfraith leisure centre, on Tuesday night, Mr Scargill delivered a speech which culminated with his vision for the union. "A vote for me will be a vote for a campaigning, fighting union," he said.

However, once the cheers had died down, he was met with a battery of sceptical questions, summed up by Mr Alan Baker from Oakdale, who asked: "You always tell us what you want, Arthur but you never say how we are going to get it. What are we going to have to do to achieve it?"

It seems likely that it will be that way after Mr Scargill's expected re-election. After the euphoria of victory, that uncomfortable question will return and it will probably be posed by South Wales.

Britain's best growth record

UK Market Report

WHILE motor manufacturers across Europe are enjoying a sales boom, the UK is experiencing *its most buoyant demand for* cars for years. Remarkably, a French car maker is leading the way in Britain with by far the greatest growth rate over the last two years.

Citroen UK, in addition to being the fastest growing car company in Britain has also doubled its sales in the last four years. The company now aims to achieve a 62 per cent increase in sales between 1985 and 1988.

The company has just achieved a 33 per cent increase in its 1987 versus 1986 sales results and there is no sign of this impressive growth curve flattening off. Citroen is a company conspicious by its rapid and consistent growth over the last three years which is, they say, just the beginning of a long-term plan.

Citroen is now widely recognised as one of the most ambitious and aggressive firms of its kind. The company's fortunes altered almost overnight in 1983 when the BX mid-range model first appeared. The 'loves driving – hates garages' car helped to bring Citroen nearly 25,000 sales in 1984. The overall sales curve began its steep upturn to over 28,000 units sold in 1985 and 1.5 per cent of the UK market.

By 1986, Citroen had grown again with sales of just under 37,000 vehicles, taking 1.83 per cent of the market – this was a third successive year of dramatic growth. Last year, Citroen's results were even more remarkable – over 49,000 sales and a *market penetration approaching* three per cent.

"Our substantial growth record is part of Citroën's long-term expansion plan which we began in the late 1970's when we took a strategic decision to develop a series of new car ranges. The first two of these models are the highly successful BX and the AX supermini that we launched in June last year", said M. Pelotix, Citroën UK's Managing Director.

With the first two of its 'new generation' cars, Citroen has achieved remarkable results. This year Citroen confidently claims to take three per cent of the market with sales exceeding 60,000 vehicles. This growth will be supported further when the planned new top-of-the range model joins the CX.

The key to Citroen's success is not only a result of its popular products. The company has been making great strides in areas such as After Sales support and gradually upgrading its national dealer network of 263 outlets. For instance, since last June the entire Citroen dealer network received new frontages and facades in the new red and white corporate colours. This is part of the preparation for substantial renewed growth over the next few years.

The ambitious programme of upgrading dealer outlets is part of a major investment in improving the way showrooms look. This programme includes the recruitment of new 'big name' dealers into the franchise to further strengthen Citroen's 'front line' to its customers.

The best demonstration of *Citroen's performance came in* August last year – the traditional frenzied month for new registrations and an industry 'barometer' of success or failure. In one of the most remarkable sales achievements in Citroen UK's history, the company took a 54 per cent leap in sales (compared to August '87) a massive jump in car industry terms.

This daunting expansion by Citroen has been achieved not only by intense effort, but it is also the result of a wider acceptance *of the cars, especially* the BX, among the crucially important fleet buyers. Citroen has certainly come of age and it has undoubtedly become the 'team to beat' in its industry.

New fleet breakthrough forecast

SOME strong new contenders are finding success in the all-important fleet vehicle market. Increasingly, employees are being offered 'perk' cars as incentives, and company car choice lists are expanding to include European-badged vehicles.

However, today's professional fleet buyer is acutely aware of the potential savings that can accrue from making the right choice.

In today's fiercely competitive fleet market success equates to a vehicle which is not only cost competitive in terms of a low purchase price, high resale value and minimal running costs, but also has high user appeal in terms of high performance, superb roadholding and excellent specification. If a vehicle meets these criteria, success will ultimately follow.

So it is not surprising that the Citroen range made enormous inroads into the fleet market in 1987. This has been led by the BX, which is now attacking the traditional fleet choices. The car is synonymous with competitive price, high residual value, superb specification and low running costs. The majority of companies which have added Citroen to their choice lists have also found the cars extremely popular with their drivers.

Early indications for 1988 look very encouraging with one of the biggest breakthroughs emerging in the rental sector. Citroen confidently forecast sales of £15 million with a total of 3,000 cars – both AX and BX – sold to rental companies in 1988.

The recently launched AX is proving particularly popular amongst these companies – the competitive purchase price and excellent reliability being the main reasons for this success.

The AX has set a new benchmark in the U.K. small hatchback market and Citroen are particularly encouraged by the way hire companies are taking to the car.

Awareness of the undoubted benefits of the Citroen range is increasing and through the substantial commitment by the company to capitalise on growing demand, Citroen's success in the U.K. fleet market looks certain to continue.

Makers responding to market forces

FEW markets are more competitive than that of domestic cars and to succeed manufacturers are being forced to work harder and harder to increase their market share.

Some manufacturers are finding success by responding to the increasingly sophisticated demands of the public by providing improved driver benefits in the design of their products.

An outstanding product is undoubtedly the key to success among today's major manufacturers and there is probably no better example than the enormous UK achievement of Citroen over the past few years.

Citroen claim that it is a 'product-led' success based on cars that provide everything its competitors can offer but with added individuality.

By the end of 1987, close to 27,000 mid-range Citroen BX models had been sold in just 12 months – an increase of 42 per cent over the total for 1986. The car is spearheading Citroen's incredible market growth in the UK.

In its first full year on the market, the BX accounted for 11,500 sales, which by 1986 had risen dramatically to nearly 19,000 units. This steep and consistent rise is partly due to the market discovering the BX virtues and also a result of a range expansion to a total of 15 BX models this year.

The design of the 'loves driving – hates garages' car has made routine maintenance simple and inexpensive. The BX has also pioneered a series of new techniques. For instance, a substantial part of its body is made of composite materials, and the car also features Citroen's unique self-levelling suspension providing a particularly smooth ride quality, for a medium-sized car.

Since its introduction in 1983, two diesel-engined models have been added to the BX range, the 1,700cc and 1900cc versions. Last year the BX was Britain's best-selling diesel. In 1986 the *entire range underwent* a very successful facelift – new bumpers, interiors and front lamp clusters. At the same time, Citroen's move towards a sportier image saw the BX 19GTi introduced – a fuel-injected 123mph sporting hatchback, big enough to carry a family, which has proven a very successful formula.

Last year Citroen entered into the 'super-GTi' market sector with an even more powerful BX – the GTi 16V, a 135mph, 160hp model at the forefront of modern multi-valve technology. This latest BX has not only strengthened Citroen's biggest-selling range, it has also encouraged new perceptions of the company. Citroen can now be counted among the most modern performance car makers.

The company's image was reinforced in another way last summer when Citroen launched its revolutionary new supermini – the AX. Acclaimed as "The most important supermini of the decade", the AX provided Citroen with a model to sell in the most competitive market sector.

The AX range is the class leader in almost every respect. The car is a design triumph. In all the important areas like fuel economy, interior space, top speed and 0-60mph acceleration, the AX is the best.

Last June five, three-door models were introduced with engines ranging from 1-litre, to 1.4-litres. In some forms the AX will return over 72mpg at a steady 56mph while, at the same time providing a top speed of over 100mph – it's the first ever petrol car to offer this combination of speed and economy.

The secret of the AX's impressive statistics is its highly-aerodynamic shape, minimising the effort required from the engine.

The AX has sold remarkably well since its launch. In less than six months nearly 8,000 AX's were on the road. Citroen has not been slow to expand its important new compact car range. By October the company had already unveiled a performance version of the car – the AX GT with 112mph capability. Also, last Autumn, Citroen announced its plans to introduce a five-door version of the AX range this coming summer.

The AX GT, like its aspirational brother the BX GTi 16V, is another move by Citroen to reinforce its image and capabilities as a modern maker of high performance cars. The A[illegible]T is aimed at the 'young pro[illegible]als' market and it's price [illegible] under £7,000 makes it a [illegible]ery competitive package.

The AX GT has a[illegible]antageous power to weig[illegible] of 120hp per tonne. The [illegible]hp, 1,360cc engine will pro[illegible] from 0-60mph in under nin[illegible]conds while, providing up to [illegible]pg at a steady 56mph.

The Citroen's desi[illegible] have been hard at work [illegible] and this summer a 5-door [illegible]sion will widen the AX range.

Citroen has also offered impressive executive [illegible]s typified by the remark[illegible] CX range which includes [illegible]pe's fastest and most eco[illegible]l diesel. Development well [illegible] way and a new model is already [illegible] and will join the CX [illegible] this class.

In the [illegible]dst of Citroen's impress[illegible]plays of applied moder[illegible]nology, the evergreen [illegible]mains relevant to an incre[illegible] number of UK buy[illegible] confirm that the ca[illegible]ntinue to be imported fo[illegible] as the current demand [illegible] maintained.

New commercial edge

THE UK light comm[illegible] vehicle market is expandi[illegible] one of the major motor [illegible]cturers has reacted by s[illegible]antly increasing its in[illegible]nt in this sector.

Two years ago, the lig[illegible]en UK entered the [illegible]mmercials market and th[illegible] the company has [illegible] to take the further [illegible]introducing a much [illegible]nded range. [illegible] announced 12 new [illegible] with existing 7 [illegible] offering a the new [illegible]pes tailored range of [illegible] of applications to a wide [illegible].

The Citroen C25 range, previously only available in panel van versions, with petrol or diesel engines and 1,000 to 1,500 kg options has been expanded.

Spearhead of this range expansion are two new diesel-powered vehicles the C25D 1000 and the C25D turbo 1800. With these two models Citroen now provides a Luton, drop-side and pick-up bodies, as well as its first mini-bus.

Citroen's application of its 2,500cc turbo-diesel engine will bring very favourable power characteristics to its extended range. The engine produces a – formidable for its size – 159 lb/ft of torque at just 2,000 rpm and a maximum of 95 horsepower at 3,700 rpm. The new turbo-diesel C25 vehicles provide ample pulling power and good fuel economy.

The smaller new model, the C25D 1000 uses a normally-aspirated diesel, which employs the famous XUD 1905cc diesel engine, acclaimed by many as the world's finest light diesel.

All Citroen C25's are front-wheel-drive, (as all Citroens have been for 50 years) allowing a very low floor height for a van making loading easier and providing very good on-the-road stability.

The new C25 models join the smaller C15 light van range that has been very successful since its launch in 1986.

Contracts boom forecast

AFTER another boom year for car sales in Britain there are signs in the marketplace of a corresponding expansion in the number of vehicles used on contract hire agreements.

One company, Citroen Contracts, after a little over a year in operation, is reporting massive growth in the number of agreements issued last year. More importantly, the company also forecasts business expansion of 150 per cent in 1988.

The company was set up to provide an alternative financing option for fleet operators in the wake of Citroen's particular success in the fleet sector.

The benefits for large fleet operators they claim, can be enormous. For instance, the fleet management function can be taken on by the contract hire company with substantial savings in salaries and resources.

Citroen Contracts say fixed cost advantages are the main reason that company vehicle operators adopt these agreements. "For businesses working to tight budgets, contract hire is the solution because it provides predictable costs. Outlay is also spread out with no lump sum payouts or unexpected bills for those running vehicles with a full maintenance contract" said Frank Wilding, General Manager of Citroen Contracts.

"It is these distinct advantages that have made this option so popular. We are the first company to offer these kind of services exclusively for Citroen cars and the demand we have experienced last year demonstrates that this was a market sector waiting to be tapped" continued Mr Wilding.

The company, which provides contract hire facilities for all Citroen models, including light commercial vehicles, offers a highly flexible range of services to suit individual needs.

Apart from its obvious advantages, contract hire provides some hidden benefits. For example, this kind of agreement brings tax advantages and in the case of contracts with maintenance, a loan car is provided if the contract car is off the road for more than 24-hours.

Citroen Contracts say the attraction of guaranteed transport at fixed costs is hard for businesses to overlook, and enables the fleet to be renewed, at regular intervals. When it is time for a car to be exchanged, Citroen Contracts simply take the used car back and provide a new one.

"We are operating in a buoyant market for car sales in general, but we see our rapid growth as exceptional and it is, we believe, a result of a realisation among businesses that Citroen vehicles are an attractive and competitive option", concluded Mr Wilding.

'Hi-Tec' car finance arrives

EXPERTS estimate that 70 per cent of new car puchases are made on finance agreements by either private or business motorists. In response to consumer demand for flexible and convenient purchasing terms, Citroen Credit is introducing a revolutionary computerised finance system which will bring instant loans through all of its UK dealers, within a year.

Citroen is among the most modern and expanding car manufacturers and together with Citroen Credit, the specialist finance arm of the Citroen Group it is emerging as one of the most innovative and customer oriented in the finance area.

Citroen Credit provides expert financial services for the private customer and the business user through Citroen dealers. Using it's long standing and international experience the company offers a wide variety of finance products, ranging from personalised loans to tailor made leasing.

Citroen Credit's Motor Automated Credit System (MACS) offers instant on - the - spot finance for car buyers. MACS provides a rapid visual assessment of the car and credit options open to the customer, as well as instant loan approval and a completed credit document giving full details. All this is done in the showroom in just a few minutes.

MACS is the answer to the needs of modern car buyers who want speed and flexibility. And according to Citroen Credit, personalised and tailor-made finance agreements issued with minimum delay are what motorists want today and tomorrow.

More purchasing power for women

THE profile of the modern car buyer has changed considerably over the last decade. Statistics show that the number of women drivers in the UK is growing. In fact, over the last ten years the number of women drivers has increased by 49 per cent to over 12 million. This compares with only a 25 per cent increase in men, in a total of almost 17 million drivers.

Female drivers' purchasing power has accounted for over £1 billion – worth of the UK's new car sales – which equates to one third of Britain's new cars.

There has also been an increase in the number of households with two or more cars where both partners need their own transport. In these circumstances the woman will normally contribute to the choice of both cars.

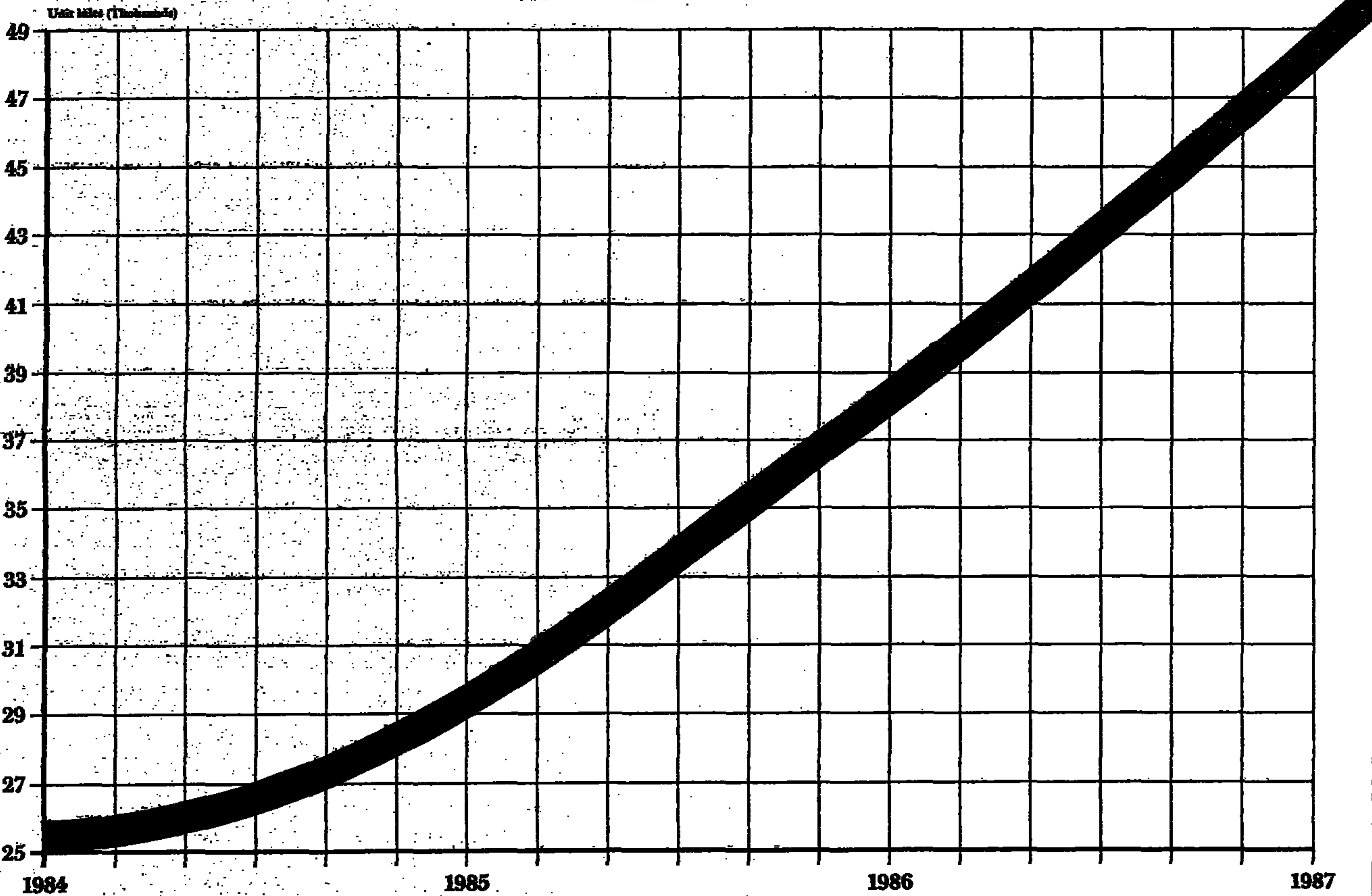
Motor manufacturers have noted these trends and targetted their marketing efforts at women. One such company is Citroen whose AX supermini has successfully made inroads into this market sector.

The Citroen AX is targetted mainly at younger people and women in particular. The car's unique styling and design features have played a major part in attracting buyers.

The car was obviously designed with some feminine input, with skilful use of storage space in this sporty hatchback providing up to 18 storage areas including unique bottle holders in the doors.

The shift of emphasis away from solely male motorists has meant that manufacturers like Citroen, have taken appropriate steps to meet this new challenge.

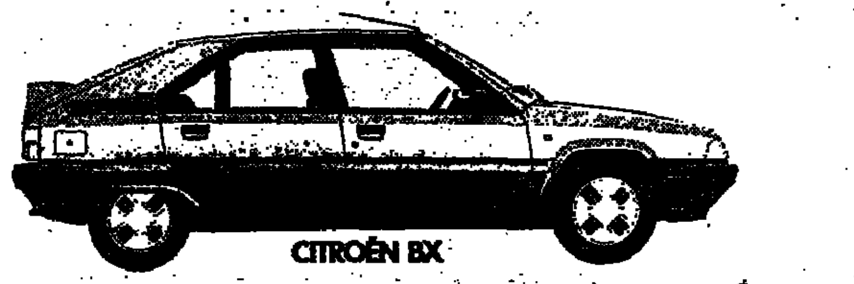
CITROËN SALES



A 33% INCREASE IN SALES EVEN BEATS OUR EXPECTATIONS.

As you can see from the rest of the page, 1987 was another record year for Citroën.

Overall sales were up 33%. (Surpassing even the 31% rise we had in 1986.) It illustrates the

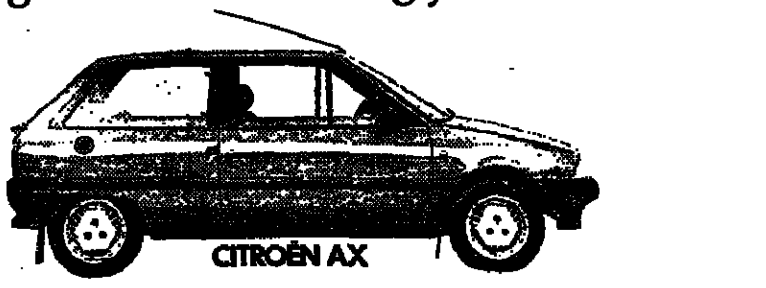


strong and consistent growth that has made us the fastest growing major manufacturer in the U.K. market for the second year running!

Also BX sales rose by 42%, helping to make the BX diesel Britain's best selling diesel.

And the new Citroën AX was successfully launched with over 7000 units sold in six months.

The reasons for this outstanding performance? First and foremost, excellent products which are appealing to an ever increasingly wider market.



Allied to an energetic and experienced sales and marketing team.

With further new model introductions due this year, 1988 will be every bit as good.

Who knows, next year we may even have to take a billboard to demonstrate our success!

CITROËN

MANUFACTURER'S SALES FIGURES. FIGURES IN COPY: 1987 v 1986. FOR FURTHER INFORMATION WRITE TO CITROËN U.K. LTD., MILL STREET, SLOUGH, SL2 5DE.

MANAGEMENT: Marketing and Advertising

IN THE INCREASINGLY tough competition to secure overseas industrial investment and the jobs that go with it, Northern Ireland has been severely handicapped by its image as a place of violence. Internationally, the impression has grown of a province more concerned with conflict than commerce, with terrorism rather than technology – a place of the bomb not business.

Yet in 1986-87, Northern Ireland attracted £237m of industrial investment from abroad, which produced three-quarters of a total 4,187 new jobs created during that period. "We shall be very disappointed if we do not better that this year," says John McAllister, chief executive of the Northern Ireland Industrial Development Board (IDB). Over the past five years, 12,000 jobs have been created and the trend is up. There is, clearly, another side to the Northern Ireland picture. It is one that is now being marketed to some effect.

Seventeen advertising and public relations companies pitched for the IDB's £4m account in 1986. One prominent agency produced a portfolio of advertisements at its presentation, graphically proving that Northern Ireland was a much less murderous place than Detroit or New York. But the IDB had already come to the conclusion that this was no way to dispel fears about the violence, let alone persuade even a US businessman to open a new plant in the province.

Burson-Marsteller got the account by proposing a strategy that tilted the IDB's promotion away from advertising towards public relations programmes more sharply focused on specific industrial targets.

The IDB had been refining its marketing approach along those lines ever since it was first established in 1982. It now believes it has an effective strategy. "Because the product has an image problem, we have become much more canny about selling it."

So any attempt to neutralise the violent headlines with anodyne advertisements has been largely abandoned. The approach now is to accept that every potential investor will have questions to ask about the headlines – but that he might profitably be interested first in some of the facts about Northern Ireland's industrial scene that are usually set in smaller type.

John McAllister: the Northern Ireland Industrial Development Board has encouraged developments such as the Antrim Technology Park (top) and inward investment of companies like Canyon of Japan

'Canniness' softens an image

Philip Rawstorne explains why the marketing of Northern Ireland is now more focused

The first job, of course, is to spot the possible investor. The IDB has its scouts in most of the places where you would expect to find them – mainland Britain, strung across the US, in Japan, Hong Kong, Dusseldorf and Amsterdam, and lately in South Korea. Deputy chief executive, John Dowdall, believes that Korea may become as rich a source of industrial investment as Japan has been. "There are some very promising leads," he says. "We are hoping for major investment projects from Korea this year. There are some big companies looking for opportunities abroad."

In the US, the search is concentrated on middle-ranking companies considering their first move into Europe. In Japan, the IDB has so far found it easier to relate to smaller companies in which the decisions are made by one man rather than to get involved in the complex corporate thought processes of the larger organisations. Two small Japanese companies have settled in the province – the second was fitted out last year from greenfield site to operational factory (with guest-house) in six months. Bigger fish are now being trolled.

In each geographic area, the IDB search is further concentrated on three main industrial sectors – information technology, medical technology and food processing.

The IDB has spent a great deal of effort in identifying what its potential customers in these sectors are likely to want and on how Northern Ireland can meet those needs.

It is in targeting these sector campaigns that PR programmes have been most effective. For example, IDB commissioned a survey of US software companies moving into Europe. Results of the survey were distributed to, and published in, US newspapers and trade magazines, and followed up with a seminar.

"It put us into direct contact with top rank people in the industry," says Stuart MacDonnell, a former ICL executive who is director of information technology for the IDB. "It gave us a credible reputation in the industry as people who knew something about it. That allowed us to approach potential investors to offer, in effect, a support service for any plans to move into Europe. We offered a one-stop shop where they could find answers to all their questions."

As McAllister and his team recognise all too clearly, it is no longer enough just to cast a financial package on the waters to land an industrialist on your side of the stream – even if the package is generous enough to halve his initial costs. Too many competitors are making similar offers.

Northern Ireland stresses its strong work ethic and good industrial relations, its infrastructure, and skilled labour; and it has the established companies to prove its points. Du Pont, now undertaking a £50m expansion, had never lost a day's production in 30 years until just the other week. AVX, which makes capacitors, has expanded its research and development in the province because of the shortage of skills at its home base.

Software companies moving into the new technology park at Antrim are recruiting from the province's universities, now turning out 600 graduates a year who are "IT literate". Queen's University, Belfast, has formed an industrial liaison company, QUBIS, which last year joined with ICL to set up a software company in the province.

The critical point of the IDB's marketing strategy is to bring the potential investor to the province to see this other side of the picture for himself.

It is at this stage that the IDB can demonstrate its highly-developed "after-care" service. In its business of creating jobs, the IDB has, from the start, worked to ensure that its established industries and companies continued to expand. It has poured much of its resources into helping the smaller companies.

"The result," says McAllister, "is that not only are we squeezing every possible job out of the industry we have, but that its success underlines to potential investors the sound commercial reasons for moving here."

The 140 international companies already established in Northern Ireland also provide an effective answer to questions about the effects of terrorism and violence on the industrial scene.

In fact, it has rarely spilled on to the shop floor, rarely intruded into the industrial scene. But reassurance on that score is reinforced by what has become one of the IDB's most persuasive marketing aids – its "supporters' club" of industrialists, bankers, academics, trade unionists, business and professional people who make up the Northern Ireland Partnership.

This voluntary organisation spans all sections of the Northern Ireland community. It is non-political and non-sectarian.

It was formed in 1983 "in the realisation," says its coordinator, George Chambers, chief executive of the province's Milk Marketing Board, "that we were all in this together."

The partnership now has 320 members in the province, 150 in mainland Britain and 40 in Canada, all constantly promoting Northern Ireland in one way or another.

Chambers agrees the main challenge is posed by the province's image. "But we do not talk about trying to improve Northern Ireland's image. That carries with it an implication that we want to put a gloss on it, to conceal the nasty side, to distort things. What we are trying to do is to present a balanced picture of life here and of the business opportunities available."

Its members also help the IDB by publishing their own "good news" stories; by being constantly on the look-out in their own business dealings for possible new investment for the province; and by providing contacts in international markets.

McDonnell Douglas Information Systems set up in the province after a local government official buying its computers suggested IDB should talk to the company about software for the public sector market.

The IDB compares the selling of Northern Ireland as a place to invest with that of "selling a capital good with a long lead time." Nobody expects quick results or claims that it is going to provide all the answers to Northern Ireland's economic problems.

McAllister puts its efforts in honest perspective. "The companies for which we are responsible provide 70,000 jobs. The present unemployment total is 120,000, about 19 per cent of the labour force. There is no way we can fill that gap. But we can be a catalyst."

Apart from the new industrial investors, he points to the finance houses, property developers and retailers now engaged in major reconstruction schemes in and around Belfast. "More and more people are making a contribution," he says. "If enough people do what they believe is possible, the point must come when we begin to solve the problems."

Putting livery into delivery

Maggie Urry on M and S's furniture sales

THERE CAN BE few more frustrating ways to spend a day than waiting for a delivery van to arrive with a long-awaited piece of furniture.

First there is the phone call to arrange a date – which usually includes the words, "if you're not in on Thursday morning you'll have to wait another two weeks until we're in your district again."

Then when the day finally dawns, and a morning delivery has been promised, there is an agonising wait - except that when noon arrives the deliverer does not. After giving up at 2pm – since the delivery van cannot be contacted – you go to work, returning to find your new dining room table in the front garden.

Sometimes the delivery men do turn up and remarks such as "what do you mean take it back, it's only a little dent" and "a bit of plastic wood will fill that chip in" swiftly follow.

It was a determination to prevent scenes like these that persuaded Marks and Spencer, Britain's leading chain store, to look for a better system when it started selling furniture two years ago. Buy from M and S now and the furniture will be carried to its resting place by white-gloved, uniformed men specially trained to manoeuvre bulky sofas round tight corners.

M and S's first selling point is a guarantee of delivery within four weeks, except during sales, which is far shorter than most retailers or manufacturers offer.

For the first time M and S had to allow a third party to come between it and its customer. Always jealous of its reputation, M and S did not want that jeopardised by outsiders.

At first Pickfords, its chosen agent, part of the National Freight Consortium, delivered M and S furniture alongside other retailers' goods through its Homespeed home delivery business. Pickfords' marketing and development director, Stephen Jordan, recalls: "As more stores became involved and the range of merchandise developed, it became apparent that a dedicated M and S home delivery service was essential."

"It wasn't just volumes," he adds, "they had specific contract and service requirements and needed to regularise and improve order communications, tracking and so on." NFC already had a dedicated delivery business for M and S in Fashionflow, which delivers clothes to stores.

Pickfords was given the go-ahead to set up the service, called Masterspeed, last May and it was launched a few weeks before Christmas. Manufacturers deliver their goods to the Masterspeed distribution centre in Nottingham, where Pickfords holds some buffer stock. This enables M and S to keep its high street space free of stock for the more profitable business of selling goods.

There are also four depots around the country devoted to the Masterspeed operation and that number will increase as M and S expands its sales. Currently nearly 50 stores sell the range of furniture, which is being widened.

Also dedicated to M and S's business is a computer system which organises the delivery routes and an initial fleet of 40 vehicles, all sporting a grey livery. Here M and S wanted an unusually stringent specification, including internal panelling usually used only for chilled or frozen food vehicles to meet cleanliness standards.

A delivery time is agreed with a customer within a four hour window, between 8am and 9pm. The vehicles are all fitted with telephones so that should a delivery schedule be held up by traffic or a problem at an earlier address, anxious customers need not be left in the dark.

Once the van arrives, the delivery staff, dressed in grey uniforms, don the white gloves before handling the furniture. They also bring their own doormat.

Masterspeed's general manager Jim Murdoch says: "We are contracted to deliver to the room of choice and to place it by moving other furniture if required."

If M & S can do it, can other retailers afford not to follow?

ARTS

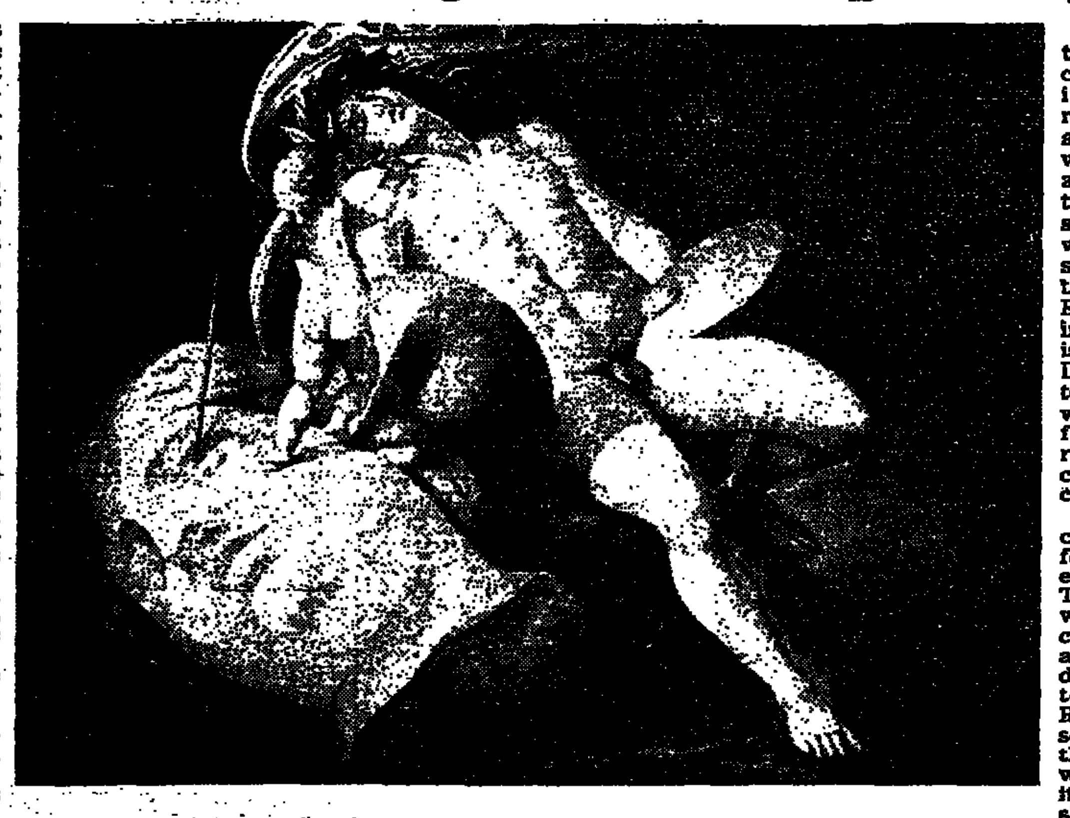
Royal Scottish Academy/Mary Rose Beaumont

Classicism through contemporary eyes

Edinburgh International is emblazoned on the side of the Royal Scottish Academy as if it were the title of a great ocean-going liner. Indeed the exhibition is the flagship of an enterprise which is an attempt to challenge the nexus of London, Paris, Berlin and New York as venues for surveys of international contemporary art. It has adopted the theme of classicism, or a tendency to classicise, in the art of the recent past, which artists have used as a means of exploring the problems and dilemmas in art today. The theme was partly dictated by Edinburgh itself, known as much for its philosophers as for its architecture as "the Athens of the North," and partly by the physical appearance of the Academy, built by Playfair in the 18th century, which, certainly from the exterior, is strictly classical. Its interior, however, is somewhat wilful and Mannerist, which allows for quirky glimpses as well as for ordered vistas. This may have dictated the subtitle of the exhibition, *Reason and Emotion in Contemporary Art*, which covers a pretty wide spectrum and tempers the wind to almost any shorn lamb.

Ostensibly the exhibition falls into four parts, although the categories inevitably overlap. The most immediately obvious display of classicism is by those who employ, almost to the point of slavish imitation, the motifs and mannerisms of classicism as we have known it from the great period of 5th century B.C. in Greece, subsequently filtered through the watered-down versions of neo-classicism. Emotion is incorporated in evocations of irrational drives and myths, the other side of the coin of sweet reason. The platonic concept of the classical ideal is enshrined in the "embodiment of the idea," one of the crucial propositions of Minimal Art, which is essentially abstract. The fourth category is the rather more dubious concept of classicism as a compendium of civilised values.

The most recognisably classicising artist is Stephen McKenna, who has quoted freely from the frescoes at Herculaneum and Poimpeli, as well as from classical mythology. For the present exhibition he has specially painted several small works which include quotations from Tiepolo, Longhi and the Commedia dell'arte. The purity of classic 18th century figuration is subverted by the presence of onlookers who have been lifted from Delacroix's – or perhaps it is Renoir's – "Women of Algiers" or a peasant painting by Courbet.



"Sogno Profetico," 1984, by Carlo Maria Mariani

Carlo Maria Mariani has appropriated the imagery of soft-fleshed neo-classicism as taught by Mengs in Rome in the mid-18th century, and as practised by Angelica Kaufmann whom Mariani much admires. His dreaming youths and mischievous cupids are in constant communion with the gods on high Olympus. It is a moot point as to how far parody can be carried before it becomes kitsch.

A reproduction of a famous classical statue of Venus is twice pressed into service, once by Michelangelo Pistolettoin in his "Venus of Rags," an installation in which we are permitted to see the immaculate back-view of the goddess facing a huge heap of old clothes. This piece dates from 1967-8, the period of Arte Povera in Italy, but a quarter of a century has not weakened the impact of the confrontation. A plaster cast of the Venus de' Medici is adorned by Ian Hamilton Finlay with a red silk thread round her neck. She is here renamed "Aphrodite of the Terror" as a tribute to the French women who, after the fall of Robespierre and the end of the revolutionary Terror in 1794, took to wearing red silk threads round their necks in memory of relatives who had died by the guillotine. Maximum effect is achieved by minimal means.

Gerard Garouste applies vigorous neo-Expressionist brushwork to subjects frequently treated by Renaissance artists, such as Lucretia and Saint Teresa of Avila, but it must be admitted that his somewhat effete and Mannerist Saint Teresa cannot hold a candle to Bernini's great masterpiece of the saint in ecstasy in Santa Maria della Vittoria in Rome. Axel Kassebohmer quotes blatantly from the past, painting fragments in whatever style is appropriate. "Column II" must have been irresistible to the selectors, complementing, as it does, the architecture of the Academy.

Rebecca Horn's "Black Bath" combines primordial content with a calm classical appearance. A smooth expanse of indigo water is encased in a steel frame. Every so often a wave machine at either end sets up ripples which disturb the surface, shattering the reflected image of the architecture and suggesting natural forces which, if unleashed, could get out of control. A different aspect of primitivism is evoked by Isolde Wawrin's cabbalistic drawings on primary-coloured pieces of paper. The signs are derived from North American Indian sand paintings, stirring atavistic memories of a language now forgotten.

The centrepiece of the exhibition, literally and metaphorically, is the room of wall drawings by Sol Lewitt specially made for the exhibition by the artist and six assistants. The walls were clad in hardboard and the tilted cubic forms of the drawings completely fill the spaces. The sheer size of the work is awe-inspiring, and the sense of awe is compounded by the colours, which are those of Egyptian tomb paintings. Rearing up in the centre of the room is James Lee Byars' "Figure of Death," a column composed of ten blocks of basalt lava stone whose simple grandeur perfectly complements its surroundings. It is like an obelisk commemorating the dead of centuries past.

At several points there is a crossover between organic forms and classical execution, especially in the sculptures of Tony Cragg and Alison Wilding which suggest at once urns, containment and a touch of alchemy. Richard Deacon's drawings, inspired by a sonnet to Orpheus by Rainer Maria Rilke, also take the form of vessels. It is almost too fortuitous that a drawing by Cy Twombly with "Orpheus" written across it should so exactly echo the shape of Deacon's sculpture "Troubled Waters." Twombly's drawings exhibit most clearly the tension between romanticism (or in this case expressionism) and classicism: they are executed with an appearance of desperate ferocity which is given a veneer of civilisation by the addition of words associated with the names of people and places from antiquity.

It may be that Andreas Schulze has gone furthest towards solving the implied dichotomy between Modernism and Classicism. His forms are clear and logical, as if he were designing an 18th century landscape garden, yet the content is mysterious and illogical. Both reason and emotion are present in his work, but he escapes the confines of classification.

The exhibition has been organised by the Scottish Arts Council and selected by Douglas Hall, until recently Keeper of the Scottish National Gallery of Modern Art in Edinburgh, Michael Compton, Keeper of Museum Services, Tate Gallery, and Martin Kunz, Director of the Kunstmuseum, Lucerne. It continues until February 14.

Candida/Arts

Michael Coveney

The King's Head production of Shaw's early comedy, sub-titled "a mystery," has taken a year to move from Islington to Great Newport Street and, one can only mutter uncharitably, not much mystery about that. What a plodding, hectoring affair it is, a tonal travesty veering wildly between risible melodrama and maudlin moonshine.

There are divergent theories about this play, but most Shavians (I erroneously wrote "moist Shavians" just now) and bachelor critics see the teenage poet, Marchbanks, as the hero, overcoming as he does his infatuation with the parson's wife in order to live a sensible grown-up unmarried unhappy life. I think Marchbanks is a silly prat of the first order.

The parson Morrell, meanwhile, is given a demonstration in marital affection by Candida. Invited to choose between her Christian Socialist and her toy boy, she plumps for the weaker, the man for whom she is, like Viola, all the sisters of her father's house, and all the brothers, too.

The director, Frank Hauser, in an interesting programme note, suggests that Marchbanks's arrival in the Hackney household is of Euripidean significance. The Ibsenite , and more likely, equivalent, indeed model, is Loevborg in *Hedda Gabler*.

Either way, Grant Thatcher, who has succeeded Rupert Graves in this production, is a trembling wimp who fails to convince us that he has ever written a line of poetry worth reading. This test of Marchbanks's credibility was first set by Desmond MacCarthy: only Stephen Haggard ever passed it (in 1937).

David Rintoul is a tiresomely erect and definite Morrell, over-concerned with his own admission that he has a temper to struggle with. The public Fabian face of such a preacher is a thing of the past, though we see remains of him in Lord Soper and Monsignor Bruce Kent. Marchbanks, too, is an archetype, the interfering salvationist hedonist.

Eric Bentley is surely right in stating that the play's subject is really the destiny of two men. Each, in his way, is throughly good. Here, each is thoroughly ridiculous. Mr Rintoul recants his strutting demeanour too late for the marriage renewal to have an effect. Strung perilously between modes, he perishes vainly in mid-air.And Mr Thatcher twitches and quivers so much you begin to suspect his projected condition is either psychoneurotic or something to do with having to withstand Mr Rintoul's merciless bellowing night after night.

You emerge with no sense of Marchbanks diving off into the night imbued with a secret knowledge. He is merely off to Oxford to become yet another cocoa-cup aesthete.

The only interesting developments are in Maureen O'Brien's Candida, emerging freshly from the dull pall cast over this play a decade ago in the West End by Deborah Kerr. This is Liza Doolittle in married life, knowing and playful and sparkishly wise. Miss O'Brien is a lovely, underrated actress, as good as Gemma Jones but without the mannerisms.

Only one other cast change from the King's Head: Christopher Hancock for Nicholas Amer as the upstart businessman father of Candida, a nasty piece of smarmy work given predictable broad brush treatment. This craven, unsubtle style of playing is carried right through to Simon Shaw's stupidly impressionable curate and Karen McMullen's prissy Prossy, the secretary in love with the boss, another pat archetype.

In the end, one despairs of the silly play. One year later, in 1896, Shaw set out to write a more conventional piece and, of course, broke through barriers instead: *You Never Can Tell* continues at the Haymarket.

Grant Thatcher, David Rintoul and Maureen O'Brien

Alastair Muir

Michael Nyman Band/Elizabeth Hall

Paul Driver

The Michael Nyman Band is not as other contemporary music groups, for it fills a house like the Queen Elizabeth Hall with people as effortlessly as it fills it with highly varnished loud sound. The kind of audience drawn by its Arts Council Contemporary Music Network appearance on Tuesday night (the first stage of a nine-city English tour) is seldom matched by even the most popular of "classical" new music ensembles – the now-defunct Fires of London only occasionally filled the Elizabeth Hall. Of course, Tuesday's was not exactly a typical new music audience: rather it was a "minimal music" audience, or a pop audience, or perhaps just a *Time Out* or a *City Limits* audience.

However, the members of the band are mostly well-known on the most respectable of high-brow contemporary music circuits: the saxophonist John Harle is a musician of notably eclectic interests, while one of the three violinists, Alexander Balanescu, was until recently second violin of the esoteric Arditti String Quartet. To play Michael Nyman's straightforward-sounding but taut and fast music evidently requires ensemble and technical skills of the most highly-schooled.

There was an amusing flicker of ambiguity throughout the evening: now we were at a contemporary music event distinguished by an unusually composed ensemble (piano, three each of saxophones and violins, trombone, bass guitar, emulator), a listed programme, and a laidback but reasonably formal manner of presentation; now we were at a rock concert, when we bore in mind the amplification and heavy beat of each number; now we were at a jazz club as the saxophones weighed in; and now plunged back into the classical world as the band tuned up between items and pianist Nyman sounded the familiar tuning chord of D minor.

If it was a rock concert, though, it was (to borrow the title of Brigid Brophy's recent book) more properly a baroque'nroll one: Nyman's brand of minimalism draws directly on baroque means of harmony and continuity, and only just below the hard bright modernist surface of a composition like *Chasing Sheep is Best Left to Shepherds* lies the Handel of "The Arrival of the The Queen of Sheba" or even the Bach of "Sheep May Safely Graze." With their shrill timbres Nyman's pieces (the band nowadays only plays Nyman pieces) also raise echoes of "early music" ensembles, and in fact the Nyman Band began life (in 1976) as a pseudo-Venetian street band complete with rebecs, shawm and sackbut, used in a National Theatre production of a Goldoni play.

The first half of the concert included some of the best-known Nyman compositions – *Bird Lists*, *Queen of the Night*, *In Re Don Giovanni* – and it was striking that the pieces were individually characterized although stylistically identical. Nyman is a canny composer, and if the pure jubilation of much of the music-making was a fair indication, not an ungenerous one.

★

A Park Lane Group recital earlier in the evening given in the Purcell Room by the Marwood String Trio deserves a brief but enthusiastic mention. The three musicians are individually outstanding and a remarkably accomplished team. They made a strong case for Benjamin Frankel's String Trio Op 3, revealed a masterly compositional hand in Judith Weir's *The Bagpiper's String Trio*, and performed Alfred Shnittke's String Trio of 1985 with absolutely searing intensity. They could take a place on the Contemporary Music Network right away.

More Birtwistle/Barbican Hall

David Murray

On Tuesday the BBC's Harrison Birtwistle festival offered more of his music with voices, all on fragmentary texts from Sappho but representing – like Sunday's programme – extremes of scale and force. This time Simon Joly conducted the Endymion Ensemble in both the small, gentle works (with Sarah Leonard's liquid soprano) and the starkly hewn *...agm...* (with the redoubtable BBC Singers). The latter work is quite concentrated enough to carry half a concert by itself, but there is something discouraging about an uncertainly pronounceable title: might that partly explain an audience which would have looked small even in Smith Square, and seemed chiefly to comprise the familiar contemporary-music establishment?

Miss Leonard began with the graceful, slightly fey *Cantata* from 1969, apparently the only work Birtwistle has allowed to survive from his time with the Pierrot Players (the *ur*-Fires of London, itself now defunct), including a part for piano which the author of the programme-notes believes not to exist. Each instrument follows its own modestly decorative path through a set of alternatives, surely pre-selected on this occasion.

The result sounded no less elegant, nor less ambiguous, than the much earlier "Entr'actes and Sappho Fragments," resourcefully concocted from separate pieces so as to accumulate power by successive additions of extra instruments and soprano to the original trio. Birtwistle's spare, thoughtful inventions carried surprisingly well in the big hall.

I was less sure that *...agm...* was altogether at home there, for a richer, confused acoustic – as at Smith Square, for example – can lend it effective tomb-of-Agamemnon echoes. That monumental 1979 piece sets up nonetheless such potent internal echoes of its own, despite its seemingly restricted band and chorus, that an expert performance like this one is bound to be grimly impressive almost anywhere. The sense of archaic actions and griefs, dispassionately but sharply rendered with economy and swift variety, remains extraordinary: one would say unique, were it not for the score that Birtwistle was soon to produce for the National Theatre's *Oresteia*.

Turcaret/Gate, Notting Hill

Martin Hoyle

Alain-Rene Lesage is best known in Britain for his picaresque novel *Gil Blas*. In France his *Turcaret*, a *comedie de caractere* lying somewhere between Moliere (40 years older) and Marivaux (20 years younger) holds its place in the classic repertoire. The work satirises that universally loathed breed, the tax-collector; hated even more since Louis XIV had privatised the business and it was predictably in the hands of spivs, speculators, sharks and social climbers.

La Bruyere had already had a go; Lesage adds disdain for the aspirant *gentilhomme* not even *bourgeois* to his moral satire. And it is here that Janet Amsden's production at the ever-enterprising Gate Theatre Club, above a pub in Notting Hill, slightly stumbles.

Conniving servants, pert maids, parasitic aristocrats, chisellers eyeing the main chance and, of course, the eponymous tax-collector, fiddle, diddle and generally bamboozle; but are not remotely differentiated on the social scale. This diminishes the leading character's odiousness, and indeed Ian Lindsay makes the besotted Turcaret, lavishing his wealth on the faithless baroness, rather too likeable – a lovable old dupe rather than a predator in this Jonsonian jungle.

For Jonson is the writer that springs to mind to an English playgoer in the presence of. these fleas with lesser fleas to bite 'em. A streak of ruthlessness, even – oddly, given the present fearfully regarded spate of privatisation – real antagonism, is missing. Not even the mixture of periods in the costumes, from Renaissance Italian to modern, with Turcaret boasting full *grand siecle* fig, plus collar and tie, can really make the satire come to life.

The class references fall flat. Turcaret's pompous "I am a gentleman of some standing" should sound funny, but is taken straight. There is little point in the cunning manservant preferring his own class when everyone sounds equally middle-class. And the confrontation between the tax-farmer and the marquis lacks bite since Mr Lindsay sounds nothing like the sneeringly referred to ex-lackey.

Still, there are nice touches in the slightly cramped production, starting with the utterly inert baroness being washed and dressed by her maid and passively allowing her limbs to be raised and replaced. James Goode's scheming manservant is a plausible deceiver, David Marrick as the chevalier who relieves the infatuated baroness of the loot she plunders from Turcaret, is a convincing professional charmer. Alan Lawrence's music and sound design includes what sounds like a chime of suburban door-bells, then the call of an ice-cream van, and finally assumes the allure of the *ondes martenot*. Has Messiaen explored the musical possibilities of front doors?

Arts guide

January 8-14

Exhibitions

LONDON

Tate Gallery. Turner in the new Clore Gallery. The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal walls Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

PARIS

Centre Georges Pompidou. Lucien Freud chose the 83 paintings for his first retrospective outside England. Apart from a portrait of Francis Bacon and a series of portraits of his first wife, the exhibition is dominated by his figurative nude portraits of the last 20 years. Closed Tue. (427 71233). Ends Jan 24.

Galerie Odermatt-Cazeau. Maximilien Luce. Luminous and well-structured, he adds realistic images from a working-class universe to many of the impressionist's themes of the Seine, the Thames and Saint-Tropez. 85 bis, Rue du Faubourg, Saint Honore (4266 9258). Ends Jan 30.

Musée des Arts Décoratifs. More than a thousand wooden toys from as far afield as Greenland, Mexico and Russia carved by 18th century woodcutters or modern designers recreate the enchanted childhood world of villages and dolls, horses and trains. 107 Rue de Rivoli (42603214). Ends Feb 14.

Grand Palais. Treasures of the Celtic Princes. Prestigious archeological finds from what is, nowadays, France, Germany and Austria, bear witness to a luxury-loving civilisation which flourished in the Celtic universe. Bronze armour, cauldrons, the crater from Vix, all imported from Greece or Etruria. (42560924). Ends Feb 15.

WEST GERMANY

Munich. Kunsthalle der Hypo-Kulturstiftung, René Magritte 1898-1967. This is the first extensive retrospective of the Belgium surrealist shown in Germany. Altogether 140 works from museums and private collections in Europe and the US will seek to refute criticism that he was not concerned about what he was drawing. Theatinerstr. 15. Ends Feb 14.

Munich. Staatsgalerie Moderner Kunst shows sculpture from East Germany. A result of the cultural agreement of May 1986 between East and West Germany, this exhibition covers four decades in 130 sculptures, some larger than life, and about 60 paintings of sculptures by 51 artists. It offers a view of graphic works that have not even been seen in East Germany before. Among the artists are Gustav Seitz, Fritz Cremer, Werner Stotzer, Hermann Glockner, Waldeman and Sabine Grzimek, Ingeborg Hunzinger and Franziska Lobeck. Ends Jan 3.

Mannheim, Stadtische Kunsthalle. Sculpture from East Germany – see above. From Jan 23 to Feb 21.

Stuttgart, Galerie der Stadt. Max Ackermann (1887-1975). The 100th anniversary of his birth commemorated by a comprehensive retrospective with 80 pictures from the main periods of his working life. Schossplatz 2. Ends Feb 21.

ITALY

Rome, *Palazzo dei Conservatori* Campidoglia. Hidden Treasure: The Imperial Silver Collection From Kaiseraugst. An extraordinarily fine collection of silver tableware dating from 350 AD, hastily buried by two Roman generals, Marcelliano and Romulo, when the Castrum Rauracense (the site of the modern village of Kaiseraugst) on the northern perimeter of the troubled Roman Empire was threatened with barbarian invasion. They clearly intended to collect their possessions once the danger was past. The treasure was discovered in 1962, during excavation work for the foundations of a school. 254 pieces – weighing 37 kilograms of 97 per cent pure silver, reckoned to correspond in value to one year's pay for 140 Roman soldiers. The portraits on the 167 fine coins and ingots have made it possible to date the collection precisely. There are delicately-curved, long-handled spoons, some silver beakers (glass was already more fashionable), serving dishes – one splendid octagonal, one decorated with a frieze recounting the life-history of Achilles, and another rectangular, decorated with a charmingly improbable fish, and an elaborate candlestick with markedly oriental decoration, inlaid with gold. Ends Feb 14.

Rome, Galleria Nazionale d'Arte Moderna. Antonio Corpora: a pleasant retrospective of the long career of one of the most sanguine and optimistic of Italian painters. Born in Tunisia in 1909 of Italian parents, Corpora moved to Paris in 1931, and the exhibition opens with two watercolour portraits, The Rabbi, and The Bedouin, strongly reminiscent of Rouault, followed by a group of landscapes, and his personal brand of semi-abstracts, large and strongly-coloured, often inspired by nature, with a peculiarly gentle, lyrical quality. Ends Feb 4.

Milan, Palazzo Reale. Eighteenth Century Italian landscapes from private collections organised by the equivalent of the British National Trust, the Fondo Ambiente Italiano. The exhibition includes 70 delightful landscape paintings, divided into three major groups or schools – the Roman (Van Wittel and Hendrik-Frans Van Lint), the Venetian (Canaletto, Bellotto, Guardi) and the Neapolitan (Joli, Bonavia, Tommaso Ruiz and Pietro Antoniani). Ends Jan 17.

NETHERLANDS

Amsterdam, Van Gogh Museum. The complete graphic work of Toulouse-Lautrec. Ends Jan 17.

Amsterdam Historical Museum. Contemporary photographs, utensils, menus and registers chart the rise and heyday of Amsterdam's grand hotels from 1860 to 1914. Ends Jan 17.

Leiden, Rijksmuseum voor Oudheden. Manuscripts, books and maps spanning 1,000 years of scientific imagination and knowledge. Ends Jan 17.

NEW YORK

Metropolitan Museum. 200 objects from the Age of Sultan Suleyman the Magnificent demonstrate the wealth and skills at the high point of the Ottoman empire in the sixteenth century through the large selection of illuminated manuscripts, the imperial wardrobe, ceramics and jewel-encrusted weapons. Ends Jan 17.

WASHINGTON

National Gallery. A centenary retrospective of Georgia O'Keeffe includes 115 oil paintings and drawings, among them rarely seen examples from her familiar New Mexico landscapes, exotic flowers and still lifes. Ends Feb 21.

CHICAGO

Art Institute. More than 80 drawings of early 19th-century architect Friedrich Weinbrenner show his influence in rebuilding Karlsruhe and Baden Baden as well as doing many commissions for German royalty. Ends Feb 28.

TOKYO

Nezu Museum. Japanese swords and fittings. Objects of beauty as well as instruments of death, these swords are elegant in shape, line, texture and design. The exhibition features 60 items from the museum's collection. Afterwards, take a stroll in the densely wooded garden, lovely at all times of the year, and forget you are in the heart of the metropolis. (400 2536). Ends Feb 7.

RSC's plans for '88

A chastened Terry Hands, artistic director of the Royal Shakespeare Company, announced a more modest theatrical programme for 1988 at the Barbican in London yesterday. There will be fewer new productions, but still eighteen in all, and the sixth theatre added in 1987, the Mermaid in London, has been abandoned. There have also been organisational changes, which leave Adrian Noble as sole artistic director in Stratford and Bill Alexander in charge of the London season.

As Terry Hands said: "in 1987 we could not respond to market trends. If a show was not "pulling" at the box office we were stuck with it." The RSC still has an overdraft, following its disastrous 1986 season at the Barbican, but it has been cut to well below the original £1m and the company seems to have it under control.

The eighty odd actors gathering in Stratford have been split into two companies to provide greater flexibility. One troupe will open the season on April 7th with *Much Ado About Nothing*, directed by Di Trevis, the first woman director at the Royal Shakespeare Theatre for fifteen years, and will then spend many weeks rehearsing a mini Shakespeare cycle of the *Henry* VI plays, plus *Richard III*. At the same time, in true RSC tradition, it will start work on a contemporary "revolutionary" play, *Campesinos* by Nick Darke which deals with Nicaragua. It will open at the Other Place. Other work includes *King John*, also at The Place and Wycherley's rarely performed *The Plain Dealer* at the Swan.

The second Stratford company will revive the 1986 *Macbeth*, and move on to *The Tempest* at the main theatre. At the Swan it will present *The Constant Couple* by Farquhar; *The Man of Mode* by Etherege, and, a modern play in the 17th century style, Edward Bond's *Restoration;* plus two more new plays at The Other Place, Robert Holman's *Across Oka* and Timberlake Wertenbaker's *The Love of the Nightingale*. At the Swan in 1988 there will obviously be a greater emphasis on plays of the Restoration period.

In London the RSC is in no position to announce its new plays for the Barbican and The Pit: these have caused it most of its problems in recent seasons. The main repertory will be thirteen productions transferred from the three Stratford theatres. There will be two classical works performed at the Barbican and three premieres for the Pit.

To solve its financial problems the RSC is looking towards its West End transfers. *Kiss Me Kate* transfers from the Old Vic to the Savoy kater this week; *Les Liaisions Dangereuses* has just completed 500 performances at the Ambassadors and *Les Miserables* is in its third sell out year in the West End with thirteen other productions playing around the world by the end of 1988. Now much depends on the muscial *Carrie*, based on the Stephen King novel, which opens in Stratford on February 13th before transferring to Broadway in April. The RSC can't lose money on it but needs to make a great deal before it can attempt more ambitious seasons.

Antony Thorncroft

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY

Telegrams: Finantimo, London PS4. Telex: 8954871

Telephone: 01-248 8000

Thursday January 14 1988

'Phoney war' in the US

IT HAS become conventional to say that the US puts policy on hold in a presidential election year. This is not entirely fair. In 1964, 1972 and 1984, for example, incumbent presidents, assured of victory, felt able to continue to pursue policies, and not always, as with President Nixon and Indochina, with excessive caution.

Every other race since 1956 has been so intrinsically interesting, either because of closeness or the arrival on the scene of distinctive contenders, that at least the appearance of debate on the great issues of the moment was thoroughly joined. In their way, and for better and worse, the winning campaigns of the two most recent Presidents, Carter and Reagan, were pretty fair indications of the nature of their Administrations-to-be.

Even allowing for the fact that it has only just officially begun, there is something unnerving about the current year. It has been apparent since the mid-term elections of 1986 that the Reagan revolution was running into the sand and it has now become completely bogged down. The Congress, with both houses under Democratic control, has patchily sought to compensate, often ineffectively. The political system is enervated at a time when the US policy plate is very full.

Nascent campaign

Unfortunately, the nascent campaign, in both parties, offers as yet no compensation. It does not seem to have commanded attention and respect either at home or with keen external observers of American affairs. Evidence of this can be found in the unusual absence of opinion and conviction not only on the identity of the next President but even on that of the two principal candidates; and this less than 10 months before the country votes.

Several formal explanations exist. It is still early in the process, there are a great number of candidates and there are others who may be keeping their powder dry. It is also undoubtedly true that the country is in one of its more directionless moods. But it is also true that no candidate has yet "caught fire", as, for example, Mr Carter had already begun to by this stage of 1976.

Moreover, candidate selection may not wait on the party conventions in the summer but, because of the frontloading of the primaries this year, quite possibly be only a scant two months away. After the "super Tuesday" of primaries on March 8, the Republicans will have selected over half their convention delegates and the Democrats over one third. Somebody will have a big lead and a momentum, or both and neither.

Sad commentary

It is not quite clear what the US public is looking for this year, beyond the conventional desire again to be uplifted by the articulation of a vision. Perhaps, after Mr Reagan, substance rather than style will be in vogue; perhaps, after Carter and Reagan,it is no longer sound politics to run against Washington; but it is also likely that the image-makers, using the medium of television, will still call the tune.

This ought to be a Democratic year. But it is a rather sad commentary, though on whom or what may be endlessly debated, that Mr Gary Hart, the Edward Kennedy of the 1980s, should be able to move back into a notional lead so soon after withdrawing in disgrace. Senator Paul Simon's apparent appeal, as the standard bearer of the old left, is, at least, more comprehensible, if not necessarily in electoral terms.

The curiosity of the Republican contest, apparently between Vice President Bush and Senator Robert Dole, is the defensiveness of both men. Both need to escape the Reagan shadow, but the Vice President, in particular, seems not to know how to. Mr Dole might consider running on his record, as a knowledgeable Washington practitioner,rather than simply seeking to discredit Mr Bush. Negative campaigns, as he should have learned as vice presidential candidate in 1976, are not assured of success.

The safest observation at present is that the US is still experiencing a political "phoney war." Even so, in comparison with times past, it is painfully obvious that the thrill of the chase has not begun, and that is a pity, because time is short.

The Alliance in disarray

IT WOULD be premature to write off the attempt to create a new Social and Liberal Democratic party in Britain as an outright failure, but the process is becoming an untidy one. The contents of the policy document produced in London yesterday are perhaps of less immediate significance than the furore that accompanied its publication. At least one leading Social Democrat and a fistful of Liberals resigned from the negotiations in protest over what could be construed as matters of principle but have every appearance of being matters of pique. As Mr Tony Greaves put it, speaking for splinter factions more eloquently than he knew, "the Liberals have again given in. I cannot stomach it." He was speaking of the name of the new party.

Foundation document

The Liberal leader, Mr David Steel, and the SDP leader, Mr Robert Maclennan, tried to do rather better than that. Their aim was to produce a foundation document that contains a strong commitment to Britain's defence and a viable set of fiscal and social security proposals. At first reading yesterday's effort is not out of tune with most social democratic parties in Western Europe, although in the British context it does have the look of a package designed to show that the Right-leaning Dr David Owen, the former SDP leader who has stood aside from the whole process, really had nothing to worry about. It is thus committed to the Trident nuclear deterrent and speaks, out-Thatchering Thatcher, of targetting child benefit.

It is courageous to allude to extending VAT to children's clothing, food and newspapers, and to propose the phasing out of mortgage interest tax relief. Other policies, considered unwise by those who oppose them, are of long-standing in Liberal and Social Democratic Party circles: these include proportional representation and a federal structure for British government.

Too detailed

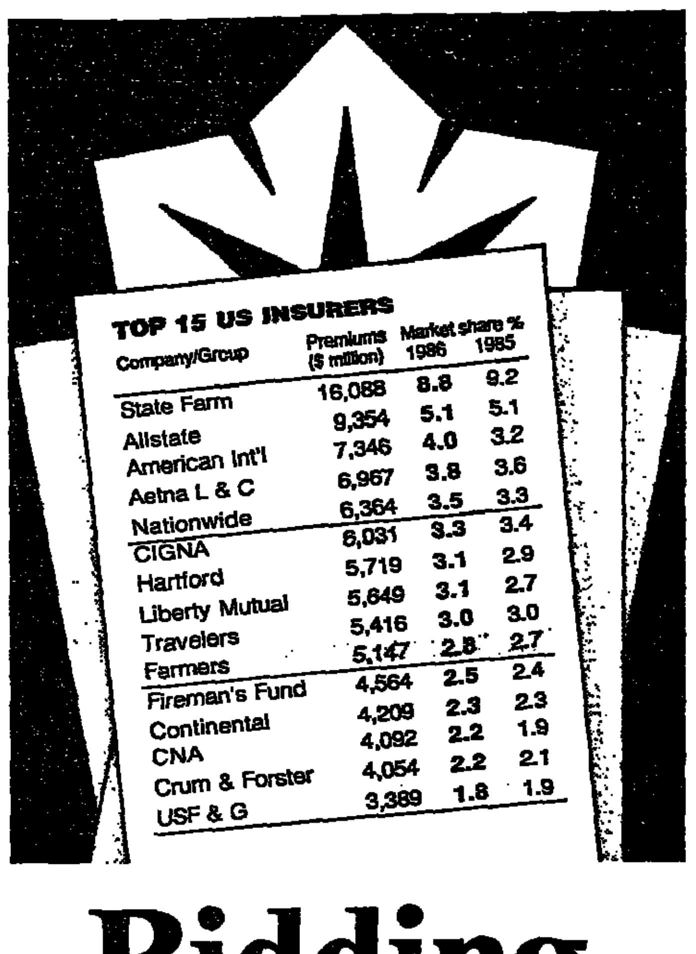
The document is, however, flawed on two rather more fundamental grounds. It is far too detailed for a statement that purports to be the basis of a new political party. A more general exposition of the fundamental tenets of "social and liberal democratic" thought would have been better, even if it had laid Messrs Maclennan and Steel open to the charge that they were dodging certain immediate policy issues. The second objection, which arises from the first, is that it contains too many specific vote-losers: the complaint by Mr Des Wilson that it is "politically inept" has considerable force.

Thus yesterday's comic-opera scenes, in which Liberal and Social Democratic MPs publicly displayed emotions of shock and outrage at the Steel-Maclennan statement might have been expected by the two leaders. They were certainly made aware by their own followers in the House of Commons that the document as it stands is not on. The Maclennan strategy seems to be to stick by the document; Mr Steel's party probably will not let him do that. It is thus now an open question whether there can be a merger at all.

None of this reduces the need for the construction of a serious opposition party in Britain. The Labour Party has so far failed to take advantage of the difficulties in which the bits and pieces of the former Alliance find themselves; it is, anyhow, still preoccupied with its own internal feuds. As things now stand, the Government can reasonably look forward to a fourth term, with the only serious opposition coming from within its own ranks.

Nick Bunker looks at BAT's attempted takeover of Farmers Group

Bidding for the fourth leg



Company/Group	Premiums ($ million)	Market share % 1986	1985
State Farm	16,088	8.8	9.2
Allstate	9,354	5.1	5.1
American Int'l	7,346	4.0	3.2
Aetna L & C	6,967	3.8	3.6
Nationwide	6,364	3.5	3.3
CIGNA	6,031	3.3	3.4
Hartford	5,719	3.1	2.9
Liberty Mutual	5,649	3.1	2.7
Travelers	5,416	3.0	3.0
Farmers	5,147	2.8	2.7
Fireman's Fund	4,564	2.5	2.4
Continental	4,209	2.3	2.3
CNA	4,092	2.2	1.9
Crum & Forster	4,054	2.2	2.1
USF & G	3,389	1.8	1.9

TOP 15 US INSURERS

OUTSIDERS HAVE bought their way, before now, into America's huge – and notoriously cyclical – property casualty insurance industry. Most famously, in the late 1960s, American Express bought Fireman's Fund and Mr Harold Geneen's ITT acquired the Hartford Fire Insurance Company. But yesterday's $4.2bn bid by BAT Industries, the world's biggest private-sector cigarette company, for Farmers Group is remarkable in two ways.

First, Farmers Group – the seventh biggest in premium income of America's 3,500 non-life insurers – is a rare beast, of a species scarcely known outside the US. It is the smallest of a trio of huge companies which between them have grown nearly to dominate America's $58bn private motor insurance market. The other two, State Farm and Allstate, are off-limits to would-be acquirers. State Farm is a policy holder-owned mutual, and Allstate has been since 1930 a jewel in the crown of Sears Roebuck, the retail giant.

These companies, selling through huge forces of their own salesman, have been able, through lower costs, to undercut the dinosaurs of US insurance, the "agency companies" which sell through America's 66,000 independent insurance agents. Bidding for Farmers Group means bidding for a company that is out of the ordinary.

Second, the bid is by far the most ambitious expression yet of BAT's long-held strategy to make financial services its "fourth leg". The other three are cigarettes, paper (including Wiggins Teape in the UK and Appleton in the US) and retailing (the Saks Fifth Avenue and Marshall Field chains in the US, and the rapidly-expanding Argos group in the UK).

The arguments for a fourth leg expounded by Mr Patrick Sheehy, BAT's chairman since 1982, are not new. They spring partly from BAT's belief, dating back to the late 1970s, that its powerful cash source - tobacco - could expect to grow only perhaps two per cent a year in future.

Soon after taking over the chair, Mr Sheehy formed a strategy committee which considered – and discarded – the idea of buying a UK clearing bank or a US regional bank, before settling upon insurance as the base for a fourth leg.

That leg was to be made up of what Mr Sheehy likes to call "close-to-the customer" retail financial services in the developed world, at a time when rising incomes, increased savings and partial privatisation of many social security systems promised fast-growth in such services, and in life assurance premiums particularly.

The first step was BAT's abrupt entry in November 1983 to the battle in which Allianz, the German insurer, was attempting to buy Eagle Star, the UK composite insurance company. BAT clinched victory by paying £968m for the British insurer.

But nearly four-and-half years after BAT first emerged as Eagle Star's white knight, a big question still hangs over BAT's insurance ambitions – a question given added force by yesterday's attempt to add so vastly to their scale.

Just how-much can a huge branded consumer products business like BAT add in managerial and marketing edge to a financial services business like insurance? After all, some of the group's previous diversifications, like its foray into cosmetics, where it bought Lentheric and Yardley in the 1960s, proved to be troubled episodes BAT executives now refer to as part of their "learning curve".

In BAT's favour, it can be argued, is that the non-life insurance sector both in the US and the UK is a habitually conservative business. The marketing abilities of many big insurers have long lagged behind their size and social importance as carriers of risk.

BAT's managers argue that a branded consumer products group can bring to bear on financial services the marketing edge that sells cigarettes or Saks Fifth Avenue shirts. But the case has not yet been proven.

In December 1984, for instance, BAT paid £664m for Allied Dunbar, formerly known as Hambro Life, the second of two British unit-linked life assurance companies to be created by Sir Mark Weinberg.

An expert in the design of tax-efficient savings products and the management of a direct sales force, he had arguably little to learn about marketing from a cigarette company.

Eagle Star is quite another matter – bigger than Allied Dunbar, and much more unwieldy. It was a business where BAT had potentially much more to add, but where progress is still likely to be relatively slow.

There is no doubt of the scale of BAT's ambitions for Eagle Star: they are grandiose. Mr Michael Butt, Eagle Star's new chairman and chief executive, has targeted the arguably under-insured territories of southern European and the Pacific Basin as areas for expansion. "I am a totally committed European," says Mr Butt. "I would like to see a European insurer the equal of the biggest American and Japanese companies, and I would hope Eagle Star could be the one."

But Eagle Star was not, on the face of it, an ideal vehicle for BAT's plans for world-wide empire-building in retail financial services.

The legacy of the Mountain family, which ran Eagle Star until BAT took over, was a company which even now takes about 75 per cent of its premiums from the UK. It remains the least international of Britain's big composites. Even in the UK, its strongest foothold in the non-life market is in employers' liability insurance, a class of business a long way removed from retail financial services.

Aside from injecting new management – Mr Butt was previously with Sedgwick Group, the insurance broker – BAT has made one controversial move at Eagle Star. It made an insurance accounting change to allow Eagle Star to bring forward into its profit-and-loss account a portion of the unrealised capital appreciation all insurers carry in their non-life funds.

This has greatly helped Eagle Star's figures. But it still arouses suspicion among other insurance companies which see it as possibly imprudent, and as a way of reporting unduly flattering results. In the first half of 1987, Eagle Star contributed £160m in operating profits to BAT - but that included £109m mostly attributable to the unrealised capital gains.

Changes to the underlying business will take longer to show results: composites are complex, slow-moving creatures. At the moment, 45 per cent of Eagle Star's business is in life assurance and 55 per cent in non-life products such as motor, household or commercial liability insurance. Last year, Mr Butt said he wanted to switch those figures round. In 1986, for instance, Eagle Star made a splashy, innovative launch in the UK of its "Rainbow" range of unit trusts, colour-coded to indicate the degree of investment risk.

In UK life assurance, none the less, it is fighting for market share in an intensely competitive business faced with an imminent shake-up in its marketing methods resulting from the 1986 Financial Services Act.

In its bid for Farmers Group, BAT is taking a number of comparable risks. The American company could take just as long as Eagle Star to be moulded to BAT's aims. BAT is hoping, for instance, to turn Farmers Group's 14,000 salesmen into conduits for a rapid build-up in life assurance, which in 1986 contributed only $66m of the American company's $213m post-tax profits. That effort could prove harder than expected. And – perhaps most important – BAT is betting that the US "personal lines" insurance business is relatively immune to the savage cycle in the commercial property/casualty business.

That may be an optimistic view. Though Farmers Group has done well in auto insurance, the sector is by no means exempt from the troubles that dog the property-casualty insurance business as a whole. In 1987, for instance, the total US auto insurance sector made an underwriting loss (premiums minus claims) of $5bn, making it by far the biggest contributor to the overall property-casualty underwriting loss of $9.8bn.

The last word, for now, can go to Mr Warren Buffett, the US investment guru who specialises in insurance. "It's a treacherous business, and a wary attitude is essential," he says. If BAT's bid succeeds, it may need that wary attitude.

OBSERVER

BAT's Foreign Secretary

■Brian Garraway, senior finance director at BAT Industries, has the sort of well-travelled background that a Permanent Under-Secretary at the Foreign Office would be proud of. He has lived or been practically everywhere. Hence his importance, not only as finance director, in BAT's diversification and acquisitions programme.

He was in Saigon "between the wars" – not, he hastens to add, between the first and second world wars, but between the French and the American. Rumours that he was active in China before 1939 are quite untrue: he is only 56.

For the rest, however, he has seen it all. He was in Cambodia when it was still peaceful and relatively open. He was in Angola when it was still stable, or at least seemed to be so under the Portuguese, and in Zimbabwe when it used to be called Southern Rhodesia.

There were also long spells in Latin America: Chile – "a delightful place" – before the troubled regimes of Allende and Pinochet, Argentina in one of its earlier periods of civilian rule and Brazil when it seemed genuinely to be undergoing an economic miracle and BAT was beginning its diversification.

For much of the time he was simply described as a travelling auditor and he did indeed do the management audits. But he seems to have been observing the state of the world as well and looking for future investment projects.

The country that he has tended to visit rather than inhabit is the United States. No-one would expect a man who has just been party to a $4.2bn. offer for an American company – Farmers Group Inc of Los Angeles – to sound less than bullish about the place and Garraway insists that he has no long term worries about the US economy.

More impressive, perhaps, is his knowledge of US demographics. Apart from California, Farmers has most of its insurance business in Arizona, Colorado, Oklahoma and Washington State, all of them rather fast-growing areas.

When reminded that the fastest growing state of all is Florida, he adds: "Ah, but Farmers has a toehold there and we shall be developing it."

The next big acquisitions in financial services may be in France or West Germany, but not yet. Farmers is a lot to take on and is not in the bag.

Trendier trends

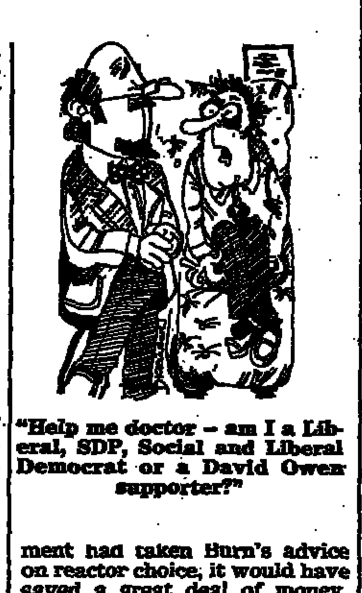
■Tom Griffin, the editor of Social Trends, the Central Statistical Office book that tells us how we are all behaving, is determined to put his personal stamp on the publication. So much so, in fact, that he has included a picture of himself and his family on the front cover of the latest edition published today. The idea is to illustrate the changes in family life using photographs of different eras. With perhaps a little unintentional vanity he said: "I have always been interested in trying to make things pretty." Jenny Church the Associate Editor has gone one better with a picture of her husband on the cover and one of herself with a party of Girl Guides inside.

Duncan Burn

■David Henderson, now head of economics and statistics at the OECD in Paris, once drew attention to the "unimportance of being right" as one of the besetting sins of the economics profession.

He used as an illustration the singular lack of respect accorded to the views of Duncan Burn (who has just died at the age of 85) on nuclear power. If the British Government had taken Burn's advice on reactor choice, it would have saved a great deal of money. But Burn, always impatient of criticism, was never a fashionable economist. He had a strong belief in pro-market approaches at a time when many of his colleagues were swept up in more dirigiste methods.

Burn's enormous strengths as an industrial journalist (on The Times) and as an economist were his deep interest in history – he wrote the definitive history of the steel industry - and his willingness to immerse himself in technical matters. He understood what the engineers were talking about. Regrettably, despite the authority he was rarely able to win over the politicians.



"Help me doctor – am I a Liberal, SDP, Social and Liberal Democrat or a David Owen supporter?"

Thatcher's trail

■When Margaret Thatcher went to the state museum of the arts in Tbilisi, Georgia with Mikhail Gorbachev last year, she wrote a glowing - and fully deserved - tribute in the visitors' book.

The next entry, I noticed the other day, came from a group of if not quite 364 economists, at least a rather large party from the London School of Economics. It reads: "It is entirely appropriate that we should dog Margaret Thatcher wherever she goes. However, for once we agree with her. It is brilliant."

Cheap vintage

■While the National Motor Museum in Beaulieu is going cap in hand for donations to raise the £300,000 it needs to buy a historic racing car, the 1903 Gordon Bennett Napier, the director of the British Science Museum Dr Neil Cossons is reflecting ruefully that his museum was offered the car as a gift in 1946.

The Napier, said to be the oldest British racing car, has spent much of its life in America but the last private owner, Californian collector General William Lyon wanted it to return to Britain. His generosity has not extended to giving it free,but the motor museum still believes the acquisition is worthwhile. "Its historical importance is undisputed and we never thought we would be given the opportunity to get it," said Steve Dagnell, administrator of the National Motor Museum Trust.

The Science Museum is unable to explain why or how it made the uncharacteristic refusal. According to one historian, the car was turned down due to lack of space and because they already possessed a representative collection of early motor vehicles. Peter Mann, curator of the road transport collection said: "It sounds very like a Science Museum reply of the time. It's the sort of thing we would never let out of the country today."

Tunnel vision

■Heard in a Folkestone Public House: "Channel tunnel? If you ask me, it'll never get off the ground."

THURSDAY BOOK REVIEW

Sixty-Eight: the Year of the Barricades

By David Caute
Hamish Hamilton; £14.95

1968 WAS an extraordinary year. It began with the Tet offensive in Vietnam and went on to see the opening of the Paris peace talks, the murders of Martin Luther King and Bobby Kennedy, the Chicago Convention and the election of President Nixon. There was the Prague Spring, followed by the Soviet invasion. There were the "May events" in France. Universities were in turmoil in Britain, and indeed almost everywhere.

I have on my shelves a very fat book called "1968, an American Melodrama", compiled more or less instantly by a group of Sunday Times writers. There were several instant books on the Paris events, too, and some on Prague. But as far as I know no one at the time attempted to encompass all those phenomena in one book.

Nor do I remember any very intense commemoration of them when the tenth anniversary came round in 1978. Perhaps, at that moment, 1968 was too intimately associated with memories, attitudes and ideas that the world was trying to get away from.

Now, it seems, the time has come. Those of us who were young and excitable in 1968 have reached middle age. Some of the protagonists have made a good thing out of denouncing their youthful follies. But many of the rank-and-file, and of the mere bystanders, have reached the point of nostalgia. BBC Radio Four is about to treat us to a retrospective series. There has already been at least one TV programme; it will be surprising if we do not get more before the year is out. Meanwhile, here is David Caute's book.

It is even possible that some of the new generation may be idly curious to know what it was that their parents got excited about. Some of them may be aware that the world they have grown up in, or at least some aspects of it, bears the marks of 1968. Amy Carter, born in that year, is now at Brown University, Caute tells us, reading "feminist theory, plant biology and American literature".

The book is big: not quite on Sunday Times scale but impressively comprehensive, bursting with names of heroes, villains and gurus, many of them now forgotten. It jumps about, from Vietnam to America to Europe and back again – not following a strict chronology but not reconciling itself to geographical arrangement either.

It does not quite achieve the effect, perhaps intended, of a single unfolding narrative. In fact, it is more like a scrapbook – and one cannot help wishing that author and publisher had decided to make it one.

There is, after all, a wealth of visual material available: not only news photos but revolutionary posters, stills from films etc. Caute discusses much of this, but reproduces none of it. More pictures, fewer words, could have made for a more enjoyable read.

But Caute is aiming at something more serious than that. He is not seeking simply to cater for nostalgia and idle curiosity by recapturing that quaint period flavour. For him, as readers of some of his earlier works will know, the upheavals of the late 1960s have a very special significance.

He was already known as a novelist, critic and university teacher. He was old enough to belong to what he calls the Old Left, therefore to feel himself in some degree targeted by the New Left – but also young and radical enough to be inspired by the New Left and to sympathise with its frustration, to admire its determination to take on "the system" not just in a carefully circumscribed area of life labelled politics, but across the board.

So there is a theme running through the book, albeit sometimes submerged – Caute is too honest to try to drill all his vast army of facts into marching in one direction. The theme is an endless dialogue between Old Left and New Left inside Caute's head. The New rails at the conformism and complacency of the Old. The Old wrings its hands, more in sorrow than in anger, at the excesses and indiscipline of the New, its uncritical idolising of Third World dictators, its propensity to deviate into mere physical self-indulgence, its readiness to be exploited by the very commercialism it condemns, and also – a blinding revelation of hindsight – its shameless male chauvinism disguised as liberation.

Both lefts have failed. Caute is (once again) much too honest to pretend otherwise. But unlike some he takes no pleasure in that fact. Whatever the idiocies and excesses of 1968, they cannot justify in his eyes "the triumph of the profit motive and the idolisation of market forces in the era of Reagan and Thatcher".

Edward Mortimer

Economic Viewpoint

What's left for tax reform

By Samuel Brittan

But in this world nothing can be said to be certain, except death and taxes.
Benjamin Franklin, 1789

A BRITISH Chancellor does not have to be a conjuror, a miracle worker, an inflationist, or a supply sider in the American sense, to cut tax rates. There is a straightforward reason why he can do this.

Much of the British tax system has been effectively indexed against inflation since the late 1970s.

The tax system is still not indexed, however, against the normal non-inflationary rise in real incomes which takes place in a growing economy. If a taxpayer's income rises by say 5 per cent after allowing for inflation, he pays tax on a higher proportion of his income than before, because his threshold has not been adjusted. Nor have the starting points of the higher rates.

The phenomenon is known in the US as "fiscal drag" or "bracket creep". Thus if the Chancellor does nothing but index for inflation, the tax burden will continue to rise as a proportion of the national income, even if tax rates stay the same.

In explaining why tax rate reductions can be made this year, too much attention has been focused on the Government's objective of trying to keep the growth of public spending below the growth of the national income. At least as important are fiscal drag and the golden goose characteristics of Corporation Tax, when profits have been growing exceptionally fast and investment allowances have been phased out. Last year's Budget Red Book contained tentative plans for tax cuts of £3bn for 1988-89 and £2bn for each of the two subsequent financial years.

Mr Lawson could, however, cut tax rates by much more than £3bn without breaching his borrowing requirement ceiling of 1 per cent of gross domestic product (GDP) or £5bn. Such a course would be unwise because the Chancellor would be remitting the windfall revenues of a boom period. He is, therefore, more likely to reduce borrowing so that he comes within spitting distance of a balanced budget (balanced with the aid of £5bn of privatisation receipts and a deficit of only 1 per cent of GDP without taking them into account).

Some £3bn of so-called tax reliefs would thus represent a truly neutral budget even in cyclically adjusted terms. A policy of no tax reliefs at all or smaller reliefs would represent a deliberate tightening of the fiscal stance or, in more popular language, a tough Budget. I do not think even the Governor of the Bank of England is calling for that — at least while the option of higher interest rates is there to counter any threats on the inflation or sterling front.

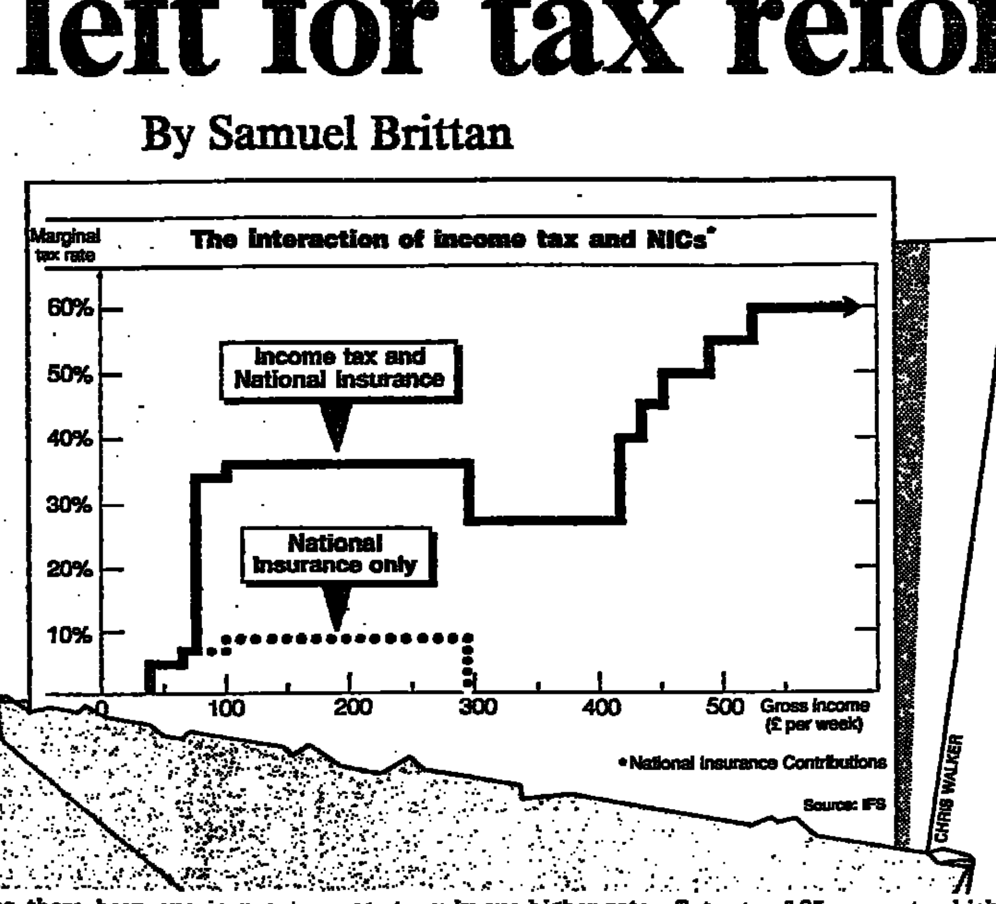
Some people see in the prospect of large so-called tax cuts an exciting opportunity for tax reform.

Moreover the subject is often discussed in a curiously apolitical way. The tax system is but one way in which special interest groups distort market forces and milk the general citizens. Tax reform is best envisaged as part of a more general attack — of which there is precious little sign — on interest group pressures.

The Thatcher Conservative Government does not have the radical commitment to a genuine social market economy shown by the New Zealand Labour Government, whose Finance Minister, Roger Douglas, has a free hand without a Prime Minister breathing down his neck.

Most of the main anomalies and distortions in the UK tax system are the subject of a prime ministerial pledge to retain. Examples are mortgage interest relief and the exemption of food, fuel and children's clothing from VAT. There is no sign of Government interest in the taxation of the imputed income from home ownership, of the taxation of capital gains from house sales or — in another sphere — of farm property. Rather the opposite.

Nor is there any point in expecting the integration of tax and social security. There was no Department of Health and Social Security minister at the strategy meeting at Chevening last weekend. Nor has there been one in previous years.



Within the narrow limits that are left, the areas where one might hope for change are:

- the shape of the tax progression;
- higher rate taxes;
- taxation of husband and wife; and
- the treatment of investment income.

The chart shows the peculiar progression resulting from the interaction of income tax and employee National Insurance contributions (NICs). The marginal tax rate rises quickly to an effective 36 per cent rate (27 per cent basic rate plus 9 per cent NIC). It then stays constant for a long stretch. After that it falls to 27 per cent at gross earnings of £295 per week, where the ceiling for NICs is reached. It then starts to rise again where the higher rates begin to bite, first at 40 per cent and climbing eventually to 60 per cent.

The best way to eliminate this dip would be simply to abolish the NIC ceiling. If the basic income tax rate were 25 per cent, the middle-income taxpayer would be paying an effective rate of 34 per cent. As Professor Mervyn King suggests, only one higher rate tax of 40 per cent would then be needed. Together with NICs, this would give an effective top marginal rate of 49 per cent. (Prospects for Tax Reform in 1988, London School of Economics Discussion Paper 0010.)

Contrary to much Reaganite propaganda, the US effective top rate is not very different. If state and local income taxes and social security are included, the top rate in, for instance, California is 45 per cent and starts at a lower real income level than in Britain.

The King package represents the outer limits of politically likely reform. It would of course produce headlines about a top income tax of 40 per cent. But there are substantive advantages too. For mortgage interest relief can only be claimed against income tax and not against NICs. Thus maximum deductions for mortgage interest relief would be down — from 60 per cent to 40 per cent. While not as good as eliminating interest relief completely against the higher rates, it is at least a step forward.

The most controversial aspect of the King package is that dividends and interest should be taxed at source at a flat rate of 25 per cent; which would be consolidated with the common rate already applying to interest on building society and bank deposits.

King has shown that these relatively simple proposals would produce some of the advantages of an expenditure tax, without the complications of introducing one. In particular the distortions between different ways of financing investment would be slashed.

To eliminate the fiscal advantages enjoyed by pension funds over other sources of investment would however require the taxation of pension fund investment income at the common 25 per cent rate. King suggests that this should be phased in over a 10-year period, something that the Chancellor would not do without a prior Green Paper.

It would be very curious if the Chancellor and his advisers rejected the 25 per cent common rate for investment income out of a futile desire to be on the left of the non-ideological Mervyn King. If they have a guilty conscience about an inexpensive so-called hand-out to investors, they should balance it with a targeted increase in social security benefits. More realistically, the best way to tax wealth and property income is via effective inheritance or wealth taxes: a task for a different government.

A further advantage of unifying the taxation of investment at the basic tax rate is that it would remove the last remaining obstacles to the separate taxation of husband and wife.

The married person's allowance, worth about 50 per cent more than the single person's, is a curious anomaly which bears little relation to ability to pay.

The simplest way out — and the one advocated by King — would be to abolish the married allowance altogether so we would be left with individual non-transferable tax allowances. This reform would save the Government nearly £5bn per annum, which could be used to raise the tax threshold by enough to make an impact on the poverty and unemployment traps.

The alternative put forward by the Chancellor in 1986 was transferable allowances, the whole of which could be transferred from a non-earner to his or her spouse. (Under existing rules, it is possible for a non-earning husband to transfer his unused allowance to his wife.) Even the Institute for Fiscal Studies (Tax Reform: Options for the Third Term) concedes that a transferable allowance would help alleviate the poverty trap, which is especially great among single-earner couples with children. But, apart from emotive cries about work disincentives to married women, transferable allowances would cost £4.5bn if there were to be no losers as the Government desires.

The most likely compromise is the relatively cheap but unexciting partially transferable allowance (PTA). The new allowance would be midway between the existing married and single person's allowances. Only the difference between the new allowance and the old single person's would be transferable.

On its own, the PTA would be a mouse. The Chancellor would be best advised to adopt the whole King package and be hung for something rather larger.

Lombard

No chance of a backlash

By John Lloyd

HOMOSEXUALITY was discussed by the House of Lords and on the airwaves of the nation this week. Among much that was instructive in the former came this exchange between two Labour peers.

Lord Peston: Why is there this emphasis on homosexuality? Why are some people so obsessed with it? What is the evidence that homosexuality is threatening to others or to society as a whole? I have not heard a word on that...

The Earl of Longford: My Lords, may I interrupt and ask the noble Lord whether he will not agree that homosexual activity as distinct from homosexual feeling is forbidden both by Christian and Jewish teaching?

Lord Peston: I do, my Lords; but I have not the faintest idea why that is relevant to this debate...

A few hours later, on Tuesday morning, the BBC Radio 4phone-in was devoted to the issue. The callers who were critical of homosexuality, with only one exception, used the authority of the scriptures as the basis of their critique: if man lying with man was bad enough for St Paul, it's bad enough for me.

The matter has been emphasised by the tabling last month by Conservative MP David Wilshire, of a supplementary clause (Clause 27) to the Local Government Act 1986 which says that "a local authority shall not (a) promote homosexuality or publish material for the promotion of homosexuality:(b) promote the teaching in any maintained school of the acceptability of homosexuality as a pretended family relationship by the publication of such material or otherwise:(c) give financial or other assistance to any person for either of the purposes referred to in paragraphs (a) and (b) above."

Leave aside for the moment whether the clause is "right" or "wrong." A parallel question is this: will it usher in, as many in the homosexual community and civil libertarians have said with passion in the past few weeks, a backlash — a backlash which is already moving, and which will find more dry tinder in Mr Wilshire's measure?

The answer is almost certainly no: and the Lords and phone-in exchanges point the major reason why it is no. There is no central, generally recognised authority on which to base such a backlash: and the only available authority — religion —is now such a minority pursuit that it cannot function as a rallying call to other than relatively small groups of fundamentalists. In matters of private, certainly sexual, behaviour, we are all relativists now: and the majority has an entrenched interest in remaining that way, as much as minorities

In a talk earlier this week to members of the Constitutional Reform Society, Dr Ralf Dahrendorf, one of the few synoptic minds now at large, offered fears that societies were now as prepared to exclude "laterally" groups the majority did not like as to exclude "vertically" those who were poor and/or unemployed, who had not shared in the general rise in living standards. It is a worthy fear to have, in the sense that a liberal society has to be vigilant for its liberties: but proof is still awaited that those groups which are defined by others, or define themselves, as outsiders actually are now more at risk than, say,10 or 20 years ago. Looking at the publications of the gay community, with their lists of venues and minor industries, it is hard to imagine that it is not just one more sub-culture in a society very largely composed of sub-cultures: that if they are outsiders, it is because almost every group, and many individuals, now prefer that designation

Mr Wilshire's clause is to be sure an illiberal one, using the undoubted efforts by the elected members of one or perhaps two education authorities to promote homosexuality (nipped in the bud by parents, teachers and/or bureaucrats) to put on the statute book a measure which could be the legal pivot for bigots. But we are now too diverse, too secular and too individualistic for an illiberalism to become a backlash.

Letters to the Editor

Damage done to UK farming

From Mr R.H B. Malim.

Sir, So far little thought appears to have been given, in the wake of the Copenhagen Summit, to the damage being inflicted on the farming industry by the continuing uncertainty; coupled, in the UK, to the penalty of a "green currency" exchange rate, which remains out of balance because of political expediency.

Unfortunately, any semblance of commonality within the CAP appears now to be completely forgotten. Our exclusion from the European Monetary System magnifies the problem in the UK by allowing our "green pound" to exist at a level overvalued by as much as 20 per cent.

The prices received by farmers in different member states in Europe now show a very wide variation — as demonstrated, for example, in the prices published in "Green Europe" for the week ending October 31 1987.

Concern about these disparities led to a recent searching comparison between German farm profitability and our own. A budget for the 1988 harvest on a 1,000 acre farm in East Anglia was scrutinised by members of the agricultural economic faculty at a leading German university to see what differences in profit would stem from applying German costs and returns.

Product sales prices in Germany were shown to be 24.9 per cent higher than in the UK, whereas most production costs, with the exception of labour, were roughly similar. The most startling difference lay in the advantage gained by the Germans through different VAT treatment. English farmers are zero rated and get VAT refunded. The German farmer pays 14 per cent on inputs subject to VAT, but charges and retains 8 per cent on his product sales. In theory the end result should be more or less the same.

Two years ago an attempt to bring the "green currencies" more into line with each other led to a revaluation of the "green DM." At that time the German farmer was compensated against the consequent fall in income by being given a further 5 per cent retained VAT.

The study showed that if this particular farm were to be operated with the benefit of German costs and returns the net profit would have been more than double.

Most thinking farmers in the UK would agree that reform of the CAP is necessary, and that the long term health of the industry demands curbs on surplus production. Most of the measures proposed quite rightly involve reducing the level of price to produce a disincentive.

It is ironic that the British farming industry, better structured and more efficient than its counterparts in Europe, should now be receiving the harshest treatment of all. It is an extraordinary reward for greater efficiency gained through many years of development, investment and reorganisation.

There are now many signals giving warning of long-lasting damage being done to the UK farming industry.

R.H.B. Malim,
Velcourt Group,
The Veldt House,
Much Marcle,
Ledbury, Herefordshire

Land could be left fallow in rotation

From Mr Kenneth Bryan.

Sir, The EC set-aside scheme for arable land could well be a step in the right direction, but we must not accept the French plan that this land be used to produce grass and fodder crops, rather than be left fallow.

This would probably lead to the creation of mutton and beef mountains, but an even worse likely result would be that we should lose an opportunity to reduce the amount of nitrogen and pesticides being used.

Farmers have been under great pressure to put larger and larger quantities of chemicals on to the land. Most would join the rest of us in welcoming less dangerous (organic) farming methods, if it did not cost them money. I hope that appropriate quantities of land can be left fallow in rotation, thus taking a step back from the continued pollution of our rivers and producing more wholesome, better-tasting food.

Kenneth Bryan,
Hemp Bottom,
Hemp Lane,
Newground,
Tring, Hertfordshire

These waters are not safe to fish in

From The Earl of Winchilsea and Nottingham.

Sir, Your paper and others have recently carried reports of Spanish anger at the breakdown of the talks aimed at securing a new fishing agreement between the EC and Morocco. In general the breakdown has been attributed to mishandling of the issue by EC officials and by the Portuguese, who hold specific responsibility for the negotiations.

Nothing could be further from the truth.

Mr Eamonn Gallagher, the EC official responsible for the negotiations, was faced with a Moroccan demand for a trebling in the annual payment to Morocco. In addition — and far more seriously — he was faced with a Moroccan attempt to use the fishing agreement to legitimise its claim to the waters of the Saharwan Arab Democratic Republic (SADR), invaded and occupied by Morocco in 1975.

Had the EC signed the agreement as presented by Morocco, not only was Morocco preparing to announce that this legitimised its claim, but it also intended to mislead EC fishermen into believing that the waters off the SADR were safe to fish in. They are not. They are a war zone.

I am not privy to the advice given by Mr Gallagher to the Commission, but to have signed in the present circumstances would have been a disaster. The UK government does not recognise the Moroccan claim to the Western Sahara, and for the EC to have legitimised the Moroccan position, however indirectly, would have seriously embarrassed both the UK government and those other EC governments, such as Ireland and Greece, which support the UN call for a referendum on the issue.

The present Prime Minister of Spain promised the people of the SADR, before his election, that he would undo the wrongful agreement secretly and illegally made between Morocco and the Franco cabinet in 1974, whereby the SADR was handed over to Moroccan control.

The Spanish government has been fully aware of the course of the fishing agreement negotiations, and was fully informed, by the Commission and others, of the attempt by Morocco to use the agreement as a lever to legitimise its claim to the Western Sahara.

It is very sad when a government, in this case Spain, in order to avoid political embarrassment over its own failures, seeks to blame the Commission and some of its longest standing and most experienced and dedicated officials for the very incompetence and prevarication of which it is itself guilty.

Winchilsea
House of Lords,
Westminster, SW1

Japanese long term policy research is extremely impressive

From Dr William Wallace.

Sir, Jurek Martin's article on Japanese policy research (December 29) underplayed the contrast between the Japanese situation and the British.

I find the scale and the professionalism of Japanese policy research extremely impressive. Equally impressive is the appetite for such research, often oriented towards the medium and long-term, of Japanese corporations, banks and ministries.

Government support for policy institutes is itself remarkable. I know of some 18 institutes supported or sponsored by MITI alone. Some of the best institutes, like the Nomura Research Institute, are sponsored and funded by the corporate world.

I am aware of three institute studies currently under way on Japan's international responsibilities in the 1990s. I have read impressive papers on the structure of the Japanese economy in 2010, the likely development of the Asia-Pacific region in the 21st century, the impact of information technology on the structure of international trade. It is clear that the private sector, as much as government, demands work on such long-term issues. Senior executives of major companies have themselves participated in some of the studies, and the Keidanren has acted as sponsor for some of the working groups involved.

In Britain it is hard to attract serious attention to policy research which looks more than four or five years ahead. Our policy institutes are relatively few, thinly supported, and have to fight hard to win and hold their audiences. I have long since become accustomed to comments on our work — from many of those to whom it is addressed — as "academic," or as a fruitless attempt to second-guess what the markets will tell us in time.

It is of course possible that the Japanese are mistaken in their commitment to policy research and policy debate. But the size and scale of their efforts should give their British counterparts, both in the corporate world and within government, cause to reflect on the remarkable contrast between London and Tokyo in this respect.

There is a tendency in London to argue that increasing uncertainty in the international political and economic outlook makes strategic discussion less practical. Attitudes in Tokyo reflect the alternative view: that uncertainty makes anticipation of likely developments and dangers all the more valuable.

William Wallace,
Director of Studies,
The Royal Institute of International Affairs,
Chatham House,
10 St James's Square, SW1

FINANCIAL TIMES

Thursday January 14 1988

Peter Ford in Managua reports on how the euphoria for Costa Rica's peace proposal has vanished

Bloody knot that still ties Central America

EUPHORIA REIGNED in Central America last August after the region's five presidents signed an agreement holding out real hopes for peace within six months.

As those same men meet again this week in San Jose to review their progress, the euphoria has dissipated. The peace plan drawn up by President Oscar Arias of Costa Rica has not cut the gordian knot of Central America's bloody conflicts. At best, it has frayed the ends a little.

The atmosphere at the presidential summit is expected to be sour with mutual recriminations – each leader blaming the other for the plan's failure to make much headway.

In truth, all are partly to blame, for none has fully kept the promises made five months ago.

Nor has the US Congress helped. Ignoring the peace pact's emphasis on an end to outside aid to rebel forces as "an indispensable element to achieve a stable and lasting peace," Congress has voted nearly $200m over the past three months to keep the anti-Sandinista Contra rebels going while a new aid request is pending.

Had the Arias plan worked as it was originally conceived, that aid would now have ended; none of the Central American countries would be harbouring rebel groups harassing their neighbours; the governments of El Salvador, Nicaragua and Guatemala would have arranged ceasefires with their respective guerrilla elements; all the region's political prisoners would be out of jail; and democratic freedoms would be taking root throughout the isthmus. For the most part, those goals still remain dreams.

President Jose Azcona's Government in Honduras has done nothing to evict the Contras, who use Honduran military bases as logistical and communications centres.

Although recent visitors to one of the Contras' best-known bases, the Aguacate air force camp, report that the rebels appear to have evacuated, diplomats in Tegucigalpa have noted no change in policy in the Honduran Government and believe the rebels are merely hiding in other locations.

In Nicaragua, the Sandinistas have stopped short of full compliance with the peace plan's democratisation goals. After allowing the opposition daily newspaper, La Prensa, to re-open, giving amnesty to nearly 1,000 political detainees and permitting opposition parties to hold rallies, Managua made further relaxation conditional on an end to Honduran and US assistance for the Contras.

A state of emergency remains in force, limiting a wide range of civil liberties, thousands of prisoners are still awaiting amnesty, and there is no early prospect of a ceasefire with the Contras.

Two rounds of ceasefire talks have led nowhere, with the Sandinistas refusing to sit down face-to-face with the rebels, and the Contras refusing to negotiate with the foreign delegates Managua named to speak on the Sandinistas' behalf.

Two sessions of ceasefire talks in El Salvador failed to bear fruit either, and there is no sign of further negotiations.

The amnesty President Napoleon Duarte decreed has drawn fierce criticism from human rights groups for freeing right-wing death-squads and political prisoners. Opposition members of the National Reconciliation Commission resigned when a human rights activist was shot in October.

President Vinicio Cerezo in Guatemala broke off talks with his guerrilla opponents saying they were not signficant enough to warrant negotations. The Guatemalan army, however, considered them a serious enough threat to warrant the major offensive it launched two months ago.

Even in Costa Rica, whose President won the 1987 Nobel Peace Prize for his plan, there are signs that the Government is violating the peace pact's provisions.

Reporters last week visited a Contra base camp inside Costa Rica, where a guerrilla leader said the local civil guardsmen had not interfered with his efforts to relaunch a southern front in the war against Managua.

The picture is not uniformly bleak. The peace treaty had prompted the Sandinista Government to open up a political space for opposition groups, which they are exploiting enthusiastically with new publications and well-organised street demonstrations.

In El Salvador, too, the peace plan encouraged left-wing political leaders to end their seven-year exile for a brief visit in November. One of them at least, dissident Christian Democrat Ruben Zamora, appears ready to move back home permanently to recreate his political movement and so broaden the country's political spectrum.

While the peace plan was conceived as a Central American effort to solve Central American problems, its prospects still depend as much on outside forces as on the region's own will.

In particular, the US Congress wields decisive influence. Early in February, it will be voting on President Ronald Reagan's next request for more Contra aid, a request he has not yet unveiled.

Should that aid not win approval, the Sandinistas will be under pressure to reciprocate with new liberalisation measures and the peace plan will stand a chance.

Should the Contras win more military aid, however, thus prolonging the war, observers here predict a harsh reaction from Managua and a virtual death blow for Mr Arias's initiative.

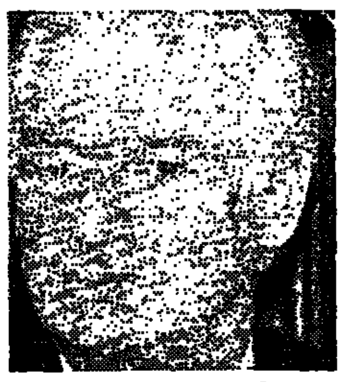
At next Friday's summit none of the presidents will want to deliver such a death blow. They are expected merely to extend the peace plan's deadline, and to tell themselves that they must try harder.

That, in itself, could provide the momentum the peace process so badly needs.

"All you can argue so far," says one diplomat on the international team monitoring the peace plan's progress, "is that the accord has set up all kinds of hopes, it started a dialogue between the five Central American countries, and it has led to some internal questioning of things that didn't happen before.

"But the hopes that the Guatemala accord raised were inordinately high."

Duarte: freed prisoners



Azcona: Contra's use bases

Arias threat to expel Contra leaders

PRESIDENT Oscar Arias of Costa Rica, facing charges that he might be violating the peace plan he drew up for Central America, has threatened to expel leaders of Nicaraguan Contra rebels living in exile in his country, AP reports from San Jose.

Mr Arias wrote on Tuesday to three directors of the Nicaraguan Resistance, the Contras' political and military umbrella organisation, telling them to leave the country if they did not end involvement in the war against the Sandinistas.

Copies of the letter were delivered to the Costa Rican homes of Mr Alfonso Robelo, Mr Pedro Joaquin Chamorro and Mr Alfredo Cesar.

"If you wish to continue enjoying Costa Rican hospitality, you must stop supporting the armed way," he wrote. "If that is not the case, I am asking you to abandon the country as soon as possible."

Mr Arias also said he had instructed authorities to kick out "all foreigners involved with political activities that are allied with violence and war".

The move comes three days before a meeting in San Jose between Mr Arias and the leaders of Honduras, Guatemala, Nicaragua and El Salvador, the other Central American nations which signed the regional peace plan last year.

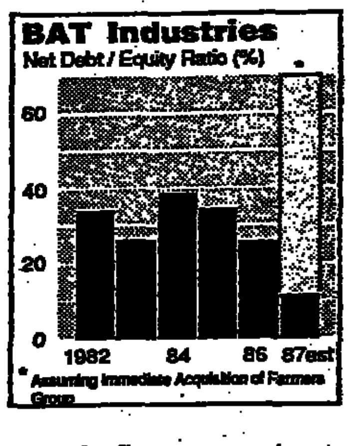
THE LEX COLUMN

BAT takes out US insurance

BAT Industries' unusually heavy exposure to the US has meant that its shares have substantially underperformed the market since Black Monday, so now would not seem the ideal time to announce its biggest ever US takeover bid, especially since it takes BAT even deeper into a cyclical industry. However, yesterday's 15p rise in the BAT share price, to 435p, underlines the growing belief that BAT is proving far more successful than its major rivals in reducing its dependence on the dreaded weed, and if this involves increasing its stake in the US when the economy may be heading for a recession, it is worth the risk.

Whereas RJR Nabisco and Philip Morris have been spending equally heavy sums on diversification, their non-tobacco interests still only contribute a third of their profits at most. By contrast, BAT is already earning half its trading profits outside of tobacco and the addition of the Farmers Group would boost the contribution of financial services, its second most important core business, from 19 per cent to almost a third. Farmers is a high quality business and is not only far bigger than Eagle Star but also more profitable. Its heavy dependence on personal lines business means that it is less exposed to the traditional insurance cycle and, given that Farmers manages, rather than directly carries, the underwriting risk, it is more akin to an insurance broker which earns the bulk of its profits from management fees.

Given the strength of BAT's cash flow the jump in the gearing level following the acquisition should only be temporary, and the company seems confident that Farmers can make a positive contribution in its first full year. At nearly three times book value and 15 times this year's earnings, $60 per share looks a fair price. But Farmers is likely to put up a fierce fight which could ruin the economics of the prospective match.



Gilt auctions

The Bank of England must be well pleased with the dismal response to its third experimental gilt auction. Demand was just high enough to ensure the issue was fully taken up, but low enough to justify abandoning a technique which it has never liked anyway. The Bank's aversion to auctions is easy to understand: they weaken its control over the market, and their inflexibility seems to have led to higher funding costs.

Investors' apparent dislike of them is more puzzling. The sharp fall in the market soon after the first two experiments can hardly be held against auctions per se, while to blame the unpredictable demand for all medium dated gilts would seem at best a partial explanation for yesterday's flop. It seems the market is simply not prepared to shoulder the price risk, even if it means – as it did yesterday – missing the opportunity to buy stock cheap.

If auctions have been unpopular, they have also turned out to be unnecessary. Far from being incompatible with the new gilt market, taps and tenders have proved surprisingly adaptable. When there is not enough tap stock to go around all 24 primary dealers, the Bank can conduct an impromptu auction, and achieves the best price at a time of its own choosing - a highly satisfactory outcome.

Still, the Bank would do well to keep the new technique in reserve, now that everyone knows how to use it. With no PSBR to speak of the balance of power at the moment rests with the seller. Yet if times were to change and investors went on strike again, the auction could be resuscitated to great effect.

Dixons

The chief question raised by Dixons' gloomy interim statement yesterday is how much it says about the economy and how much about Dixons itself. To hear the company tell it, the world changed radically on October 19; the consumer suddenly shied away from big-ticket purchases, and 4 per cent growth in sales was tranformed overnight into an 8 per cent fall. The market, though, was in sceptical mood yesterday, and while Dixons' shares fell 8 per cent to 186p the stores sector as a whole was unmoved.

The exception was Woolworth, also an electrical retailer with its Comet chain. It is increasingly clear that Dixons and others have grossly overestimated growth in the electricals business, which is now in a fallow period between the video recorder and whatever succeeds it as the next genuinely new product for the mass market. The result has been massive overstocking, and price-cutting to match; half year sales in the Dixons and Currys chains were 11 per cent ahead by value, but this was made up of an 18 per cent rise in volume and a 7 per cent cut in prices.

It now looks as if Dixons' profits for the full year will be only marginally ahead of last year's £102m; allowing for the fact that even unchanged pre-tax would give a 17 per cent fall in fully diluted earnings, that puts the shares on a multiple of 11. Whether that is fair depends above all on whether the October shock translates into something more fundamental for the real economy; but if it does, plenty of other shares will prove overvalued besides Dixons.

Nigeria

Black Africa's largest country has long taken a fairly cavalier attitude to its debts: today it will ask creditors assembled at the suitably larger-than-life venue of Wembley conference centre to turn what were originally 3 to 6 month trade credits into 22 year loans. The 13,000 uninsured creditors involved know they face a stark choice – like it or lump it – and Lagos has characteristically done little to persuade them to do the former.

There is a serious matter of principle involved: that of equal treatment of creditors. Nigeria has already agreed terms with its insured trade creditors which are far more favourable than those on offer to the lowly uninsured. For today's creditors to accept second-class treatment would violate a basic tenet of the international system of sovereign lending, and could set a dangerous precedent among debtors worldwide.

The uninsured creditors can probably claim the high moral ground, but they are in a weak bargaining position. The ragbag of companies involved would find it difficult to act in concert, and with trade credit already suspended they can threaten little more. If they truly want their money back (albeit in 2010) they should take what is probably the best offer available from the best Nigerian government in years. No successor to President Babangida would be able to afford more.

Israel goes ahead with expulsions

By Andrew Whitley in Jerusalem

ISRAEL yesterday defied international opinion and deported four of the nine Palestinians accused of masterminding the current wave of disturbances in the occupied territories.

The move was endorsed at an acrimonious inner Cabinet meeting which supported the army's tactics, rejecting demands from some ministers for an even heavier crackdown.

The four deportees were flown by army helicopter to a remote mountain pass in southern Lebanon, just north of Israel's self-declared border "security zone," and deposited on the hillside. They were later reported to have arrived at a Syrian base in Lebanon's western Bekaa valley. Lebanon, along with Egypt, Jordan and Syria, had earlier announced its refusal to take the deportees.

A brief statement from the Israeli Army said the four Palestinians, all from the West Bank, had been expelled "after legal processes were completed." All had previously served long jail terms in Israel for nationalist activities.

The deportations were the first since the present unrest began nearly five weeks ago and may provoke further violent reaction. The expulsions followed a last-minute appeal to Israel from the European Community not to go ahead. The United Nations Security Council has said such a move is in breach of the 4th Geneva Convention of 1949 on the treatment of civilians in occupied territories.

UN relief workers in the Jabaliya refugee camp in Gaza said a 10-year-old boy was killed by troops and a 13-year-old injured during further demonstrations yesterday. A 16-year-old boy also died near Ramallah in the West Bank. The two deaths raised the unofficial death toll to 37.

Thatcher urges Nato summit before Reagan visits Moscow

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MRS MARGARET Thatcher, the British Prime Minister, yesterday called for a full-scale summit of Nato heads of government early this year before President Ronald Reagan meets Mr Mikhail Gorbachev, the Soviet leader, in Moscow this summer.

Mrs Thatcher's public backing for a summit reflects concern among European governments that Mr Reagan should understand their position clearly, particularly that there should be no further reduction of nuclear weapons in Europe without an agreement on the balance of conventional weapons.

"It is of the highest importance, particularly in an election year in the US, that we should underline the unity and solidarity of the Nato alliance," she said in a speech to foreign correspondents in London.

The proposal to hold a Nato summit is understood to have been made informally by the US to its allies and has been under discussion in Nato capitals and the alliance's headquarters in Brussels over the past few weeks.

Mrs Thatcher's endorsement is likely to be followed by similar statements of support from other Nato members who have always underlined the need for close consultation with the US on any major initiative affecting the alliance.

The British Prime Minister also stressed the importance of a Soviet withdrawal from Afghanistan.

She said: "While there are some signs that this goal may be nearer, we must ensure that the transitional arrangements for withdrawal do not undermine those who have staunchly and rightly resisted occupation of their country."

She claimed that the changes within the Soviet Union being sought by Mr Gorbachev were a tacit admission of the West's success.

"It is the Western democratic model which is showing itself both resilient and attractive, while socialism is in retreat worldwide because it has been found wanting."

She emphasised the importance of the West's resolve in defending its way of life and said it must not relax now.

"I shall not be surprised if we again hear people beginning to talk about the convergence of the communist and capitalist systems. That is a notion which I can never accept because it implies that you can compromise on the basic values of Western democracy; or that human rights are something which are measured by governments."

Death of Taiwanese president

Continued from Page 1

secure and prosperous Taiwan, he has also bequeathed China with additional headaches.

While the communists vilified Chiang in the past, they recently began speaking of him as a patriot – probably appealing to that patriotism as a ploy for reunification under their mantle.

But Peking was mistaken. In a political testament written just days before his death, Chiang called on Taiwan to remain true to the idea of a China unified under the "Three Principles of the People," the Nationalist handbook for reunification.

His successors, heirs to a dynamic political and economic structure on Taiwan, will probablybe content to continue the detente with China – but not to accede to its demands.

Japanese plan new markets

BY STEFAN WAGSTYL IN TOKYO

THE JAPANESE Ministry of Finance has announced plans to launch a comprehensive range of futures and options markets in Tokyo later this year.

The move is seen as a significant step forward by the Japanese authorities in their strategy of expanding Tokyo's role as a world financial centre, but the proposals fall well short of creating a liberalised futures market such as those in London and New York.

In a bid to settle the competing claims of Japanese banks and securities companies for access to the new markets, the ministry has imposed restrictions on both. It has therefore given up an opportunity to erode the barrier between banks and securities companies – a cardinal element of Tokyo's financial structure.

Foreign companies, both banks and securities companies, will have unrestricted access to the new markets, according to the ministry.

The proposals will go before the Diet (parliament) in the spring and are likely to come into effect by the end of the year.

The only futures contracts now traded in Japan are a popular government bond futures contract and a highly restricted 50-equity stock futures contract listed on Osaka.

Under the scheme the Tokyo Stock Exchange and other Japanese stock exchanges will be allowed to launch contracts in stock index futures and foreign government bond futures (including US Treasury bonds).

Meanwhile, a new financial futures and options market is to be created to trade currencies and interest rates.

Japanese banks had demanded that all futures and options should be traded in a single new market, while securities companies had argued that since Japanese government bond futures were traded on the stock exchange (which they control) so should other futures contracts.

Under the ministry's compromise plan, banks will not be allowed to handle equity-related contracts on the stock market – but they will be permitted to handle government bond futures, not just on their own account, as they can already, but as a broker for clients.

Murdoch raises Pearson stake

Continued from Page 1

ever for having offered him the shares."

Lord Blakenham explained that the offer had been turned down because the price asked was significantly above the market and the notice was short.

Mr Murdoch had already indicated that News Corporation might increase its stake in Pearson to about 20 per cent.

But Lord Blakenham emphasised last night that the main reason for turning down the offer was that the Murdoch purchase "removed a potentially loose shareholding block".

He added: "One of our original concerns about Mr de Benedetti taking a stake was that he would not be a long-term holder and that has proved to be the case."

Mr Frank Barlow, chief executive of the Financial Times, told staff last night that there had been no further talks with Mr Murdoch and none were planned. Lord Blakenham met Mr Murdoch at the beginning of October last year following Mr Murdoch's purchase of a 14.7 per cent stake in Pearson.

Mr Alan Pike, father (chairman) of journalists at the Financial Times said the campaign to fight any takeover bid by Mr Murdoch would continue.

"We are not entirely surprised because it was obvious that Mr Murdoch was building up a big stake and it increases the possibility that there will be a bid this year."

If there was any danger of a takeover one solution could be ownership by a broad-based group of investors

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	14	57	Dubrovnik	S	13	55	Malta	-	-	-	Rhodes	S	13	55
Algiers	F	18	64	Edinburgh	R	7	45	Manchester	S	8	46	Rio de Ja	S	35	95
Amsterdam	S	6	43	Faro	F	13	55	Manila	C	31	88	Rome	C	12	54
Athens	C	12	54	Florence	-	-	-	Melbourne	C	27	81	Salzburg	S	1	34
Bahrain	C	20	68	Frankfurt	S	3	37	Mexico City	S	25	77	San Francisco	C	14	58
Bangkok	S	32	90	Funchal	F	16	61	Miami	C	22	72	Seoul	C	6	43
Barcelona	C	15	60	Geneva	C	2	36	Milan	C	5	41	Singapore	F	27	81
[illegible]				[illegible]				[illegible]				[illegible]			

Day of confusion

Continued from Page 1

Speaking at the National Liberal Club in the presence of his 17 parliamentary colleagues, he said the halt to discussions did not mean the merger was off and that he and Mr Maclennan still wanted it to go ahead. He hoped that a breathing space of three or four days would produce a way forward.

He had not considered resignation, he said, and Liberal MPs had made it clear that he should see the process through.

"We do honestly have to admit to our parties that we have reached an impasse and we have got to listen to what they have to say. We have no magic solution ourselves."

He accepted criticism that the two leaders might have proved too ambitious in asking the new party to swallow whole a package of major and highly controversial policies: "We may just have tried too much, too soon and I think it is right that we have this pause for thought.

"It is a document agreed between us but clearly in its present form it is not acceptable as a policy stance. That is the problem for us as leaders. Have we come to the end or are we prepared to listen to what our parties have to say?"

Semiconductor veteran to head LSI European unit

BY LOUISE KEHOE IN SAN FRANCISCO

LSI Logic, the US semi-custom chip maker, has appointed industry veteran Dr Gerry Thomas to head its UK-based subsidiary LSI Logic Europe.

Dr Thomas replaces Robert N. Blair, who will return to the US to become LSI vice-president of marketing and sales.

The management changes come at a critical time for LSI, a leader in the growing field of application-specific integrated circuits, chips that are customised to meet the specific needs of customers. It had revenues of \$194m in 1986, and is expected to have revenues in excess of \$250m in 1987.

In Europe, the company is about to make the transition from sales and marketing to becoming a manufacturing company, while in the US, LSI is expanding its product lines to incorporate "system-chips", which contain large portions of the electronic devices needed to build electronic equipment.

For Gerry Thomas, joining LSI will be a return to the semiconductor industry after six years at the helm of Schlumberger's UK electronics operations. At LSI, Dr Thomas will join former Fairchild Semiconductor colleagues, including LSI founder and chairman Wilfred Corrigan, who was president of Fairchild prior to forming LSI.

Dr Thomas was vice-president and general manager of European operations for Fairchild Semiconductor from 1979 to 1981. Before joining Fairchild, he was managing director of ITT Semiconductors. In that post, he was in charge of operations at the Foots Cray, Kent, manufacturing facility formerly owned by STC Ltd.

As president of LSI, he will once more run the Foots Cray unit, which was acquired by his new employer a year ago, as well as being responsible for the start-up of a new plant in Braunschweig, West Germany.

Returning to the US after three years in Britain, Robert Blair, one of LSI's original employees, leaves behind an organisation that he started from scratch, including nine chip design centres and eight sales offices in seven countries with a total of more than 200 employees.

Pacific SE names new president

THE PACIFIC Stock Exchange has named as its president Mr Herbert G. Kawahara, an executive vice-president at US investment bankers E.F. Hutton. He is succeeding Mr James S. Gallagher, who has resigned.

Mr Kawahara, 58, is already a Pacific SE board member as an industry representative, and was vice-chairman in 1985. As president, he will continue to sit on the board of governors.

He joined E.F. Hutton as an account executive in Los Angeles in 1958. He was made an executive vice-president and became Hutton's top executive in southern California during 1982. Last year, he was appointed Hutton's executive vice-president, corporate marketing and strategic planning.

* * *

THE UNITED Saudi Commercial Bank in Riyadh, Saudi Arabia, has recruited Mr Gerald H. Kangas to head the bank as general manager and chief executive.

Mr Kangas, an experienced international banker, spent 24 years with Citibank, serving in New York, Latin America, Asia, the South Pacific, Africa and the Middle East. Since 1984, he has been assistant general manager of the National Bank of Bahrain, in Manama, Bahrain.

He was a 1952 graduate of Clatskanie Union High School, Oregon, US, and a 1956 Williamette University graduate with honours. In 1981, Williamette University honoured him with their highest Alumni Award, the citation for extraordinary "Contributions to International Finance and Understanding."

London equity analyst for Morgan Stanley

MORGAN STANLEY, a leading US investment house and major international securities concern, announced that Mr Robert W. Haville has joined its London-based equity research department.

He is a leading investment research analyst, who has covered UK industrial holding companies for several years. He was ranked Number One by the Extel, MORI and Institutional Investor polls in 1986.

It is expected that Mr Haville will be elected an executive director of Morgan Stanley International. He is an honours graduate of Lancaster University, holds an MBA degree from Bradford, and is a member of the London Stock Exchange. He was a senior research executive at James Capel.

Mr John Wellemeyer, managing director in charge of Morgan Stanley's London equity research department, said: "We are delighted that Bob has joined us. He will add tremendously to our ability to serve our clients through our growing London research department."

Divisional changes at General Motors

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS, the world's largest automotive group, has appointed Mr Thomas Mason director of sales, service and parts for its European operations.

He replaces Mr John Fleming, who is to become general director for marketing and product planning for GM's Cadillac division in Detroit.

Mr Fleming has been a leading GM executive in Europe for eleven years, and was chairman and chief executive of Vauxhall Motors, GM's UK subsidiary, from 1982 to 1986. From 1977 to 1980 he was sales director of GM's German Opel subsidiary.

During the last two years, GM has carried out a far-reaching shake-up of its previously loss-making European car operations. In 1986, it established for the first time an organisation to co-ordinate its operations in 17 European countries, in which Mr Fleming became the first sales director.

GM Europe returned to profitability last year after running up losses every year since 1982, and also increased its volume sales to a record 1.315m units. Its market share slipped, however, to 10.7 per cent, from 10.9 per cent for 1986.

Mr Mason, 44, has spent his whole career with GM's Chevrolet division, the group's biggest division worldwide with annual sales of over 1.5m units, where he has been in charge of car marketing since 1985.

GM elects group vice-president

FOR THE GM group, Mr Roger B. Smith, chairman, announced the election of Mr J.T. Battenburg III as a vice-president.

Mr Battenburg, 44, will remain product manager of the Flint Automotive Division of the Buick-Oldsmobile-Cadillac Group, responsible for design and production of full-size passenger cars for Buick, Oldsmobile, Cadillac and Pontiac.

He joined GM in 1961 as a General Motors Institute student sponsored by the Chevrolet assembly plant in Kansas City. After attaining a BS in Industrial Engineering from GMI and an MBA from Columbia University, he transferred to Chevrolet's St Louis facility.

In 1972, he became general supervisor of industrial engineering at the GM Assembly Division (GMAD) plant in St. Louis. He was made comptroller at Arlington in 1976, and then moved to US managerial positions in several GMAD plants.

In 1980, Mr Battenburg was named managing director of GM Continental, in Antwerp, Belgium, followed by a move to England in 1983 as general manager of GM's Bedford Commercial Vehicle Operations. He returned to the US in 1986 and assumed his current position.

Accountancy Appointments

CLASSIFIED ADVERTISEMENT RATES

	Per line (min 3 lines) £	single column cm (min 3 cms) £
Appointments	14.00	47.00
Commercial and Industrial Property	12.00	41.00
Residential Property	10.00	34.00
Business Opportunities	14.00	48.00
Businesses For Sale/Wanted	13.00	44.00
Personal	10.00	34.00
Motor Cars, Travel	10.00	34.00
Contracts, Tenders	13.00	44.00

Premium positions available
£10 per Single Column cm extra (Min 30 cms)
All prices exclude VAT
For further details write to:
Classified Advertisement Manager
FINANCIAL TIMES, 10 CANNON STREET, LONDON EC4P 4BY

ACCOUNTANTS/ECONOMISTS/MBAs

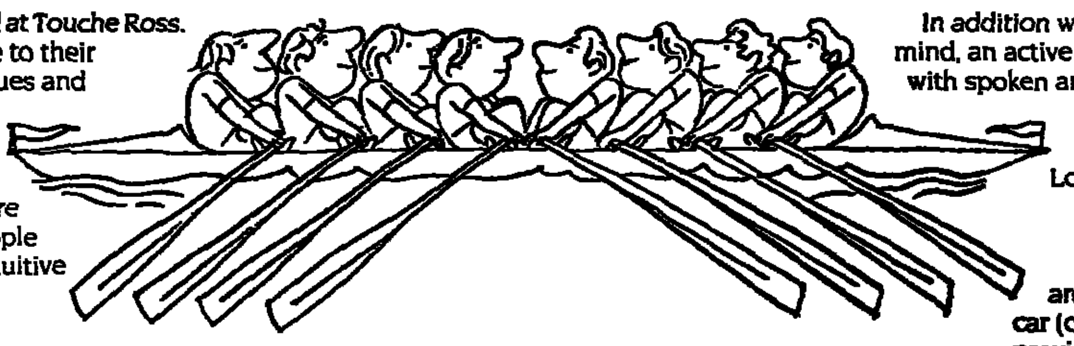
At Touche Ross Management Consultants spotting the significant keeps our clients on course.

To make the move into management consultancy, one of the most important skills you will need to demonstrate is perception: the ability to take a wider view and to spot the significant through a wash of conflicting facts and figures.

It is a skill held in high regard at Touche Ross. Clients can sometimes sit too close to their own business to assess the real issues and turn to us to develop a watertight, cost efficient solution.

More and more companies are turning to us! Our need therefore is to identify further top calibre people with a well developed faculty for intuitive recognition and who are now looking to start a career where the challenge never stops.

The appeal of a career with Touche Ross Management Consultants begins from that point and continues with limitless personal scope, the stimulus for major achievement and the opportunity for reaching partnership within 4 years.



Your appeal to us will comprise a good first degree (and preferably an MBA or appropriate professional qualification) plus around five years outstandingly successful experience in commerce, industry or the service sector.

In addition we will expect to find an incisive mind, an active personality and an adroitness with spoken and written communication.

Our current requirements are mainly in London although opportunities are also available in our regional offices. The salary indicator is negotiable to around **£35,000** and a company car (or rowing boat, if preferred) is provided.

Please write with full cv, to:
Michael Hurton, (Ref 4120), Touche Ross & Co., Thavies Inn House, 3-4 Holborn Circus, London EC1N 2HB.
Tel: 01-353 7361.

Touche Ross
Management Consultants

GROUP ACCOUNTANT

EXCELLENT PROSPECTS FOR A MATURE PROFESSIONAL

EAST LONDON **£25,000 + CAR**

A qualified and computer literate accountant, aged 30-40, is sought by a well established and successful commercial Group.

Reporting to the M.D. and motivating a small team, responsibilities will include monthly management and statutory accounts plus budgets and cash flows. Familiarity with sophisticated computer systems is essential as is the ability to enhance existing controls, methods and procedures.

The Group is a diverse property and investment company with significant assets both in UK and abroad. A commitment to sound management policies and effective financial control is designed to ensure its continued profitable development and growth.

Applicants for this excellent career opportunity should write enclosing a C.V. or telephone for a personal history form, quoting ref. 5025, to Carol Newberry.

RECRUITMENT SELECTION & ADVERTISING
EXECUTIVE CONNECTIONS
3rd Floor 43 Eagle Street
London WC1R 4AP Tel: 01-242 8103
or call John Constable on 01-549 5519 out of hours

Brewer Morris

Pure Taxation Recruitment

INTERNATIONAL PLC **£35,000 – £38,000 + CAR**

UK TAXATION MANAGER

Our client is an internationally represented industrial company, with a turnover around £1 billion. Recent strategic re-organisation, the injection of 'new blood' and a number of significant disposals and acquisitions, has created a competitive and highly successful organisation with worldwide dominance in a number of core market sectors.

Reporting to the Director of Taxation, you will have responsibility for UK corporation tax planning, worldwide taxation accounting, reporting and forecasting, VAT and PAYE, and the U.K. tax aspects of treasury transactions, acquisitions, disposals as well as other ad hoc business. Deputising in the absence of the Director of Taxation, advising on the tax implications of management planning, and assisting in the computerisation of systems will additionally be areas of responsibility. At full strength there will be two qualified staff to provide assistance and be managed. The position is based in London.

Suitable candidates will have a minimum of 5 years P.Q.E. in taxation, preferably with some commercial sector experience. You must have commitment, enthusiasm and be able to sustain a high work rate. An incisive, practical and communicative personality is essential given the levels of management contact and the considerable autonomy of the role. Benefits will include a fully expensed car, family B.U.P.A., and a good company pension scheme.

For further information contact Mark Brewer on (01) 353 6405, or send a C.V. and covering letter to Brewer Morris, Ludgate House, 107 Fleet Street, London EC4A 2AB.

Financial Analysis Manager

South Herts **c£23,000 + Car**

Our client is a subsidiary of a £2 billion plus turnover major retailing group. They provide a comprehensive Property Development service and as such are at the centre of the Group's £1 billion development plan. Future annual expenditure of this subsidiary is expected to exceed £250 million, with 35 new superstores planned for the immediate future.

Following outstanding growth to date they now wish to appoint a bright, ambitious qualified accountant to strengthen the Senior Management Team. Liaising at Board level throughout the Group you will be responsible for:

★ preparation of profitability and cashflow projections.
★ investigation and review of investment opportunities.
★ preparation of proposals for financing.
★ financial modelling.

A graduate, aged 25-30, you should be able to demonstrate a positive, intelligent approach and possess a strong business acumen for this high profile role.

The importance of this position is reflected in the attractive remuneration package. Prospects for further career progression within the Group are excellent.

Interested applicants should contact Richard Wright on St Albans (0727) 65813 or write to him at Michael Page Partnership, Centurion House, 136-142 London Road, St Albans, Herts, AL1 1SA.

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Director

International Operations Audit

BERKSHIRE **C. £32,000 + CAR + Executive Benefits**

Our client is Northern Telecom, a major North American Corporation involved in the design and manufacture of fully digital telecommunications and information management systems.

As a direct result of internal promotion and in accordance with the group's expansion world wide, it is now essential that they appoint a Director - International Operations Audit.

This position will involve total responsibility for the entire internal audit and consultancy activities for all the European and Far Eastern operations. This is an ideal opportunity for a qualified accountant who possesses sound managerial skills to join a fast moving, successful, international organisation which can offer excellent career development opportunities, not only in the United Kingdom but also in Europe and North America.

Candidates for this position will be aged between 28 and 35 years and will have gained excellent audit experience in public practice and senior accounting managerial experience in commerce, manufacturing, or high tech industries.

Please send a full CV with a handwritten covering letter quoting reference N329/A to: R. N. Collier Esq.

MOORES & ROWLAND

50 St. Andrew Street,
Hertford, Herts. SG14 1JA

MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED

Finance Director

Excellent Salary **Quality Car** **East Anglia**

This important member of a major blue-chip group manufactures engineered products for highly profitable consumer durables markets.

A programme of planned expansion calls for further development of management systems and it is clear that, to take full advantage of market opportunities, rigorous attention must be paid to performance criteria and control mechanisms in order to maximise efficiency and minimise operational and product costs.

Supported by a comprehensive team and on-site mainframe and PC systems, you will

– contribute heavily to strategic business planning
– apply effective controls to ensure corporate performance on all fronts
– make incisive commentary on performance shortfall and opportunities and offer constructive solutions
– align accounting operations more closely to other functions, enabling information to be readily received, understood and used by all management staff.

Clearly the position calls for a qualified accountant of graduate calibre, well experienced within manufacturing, who is able to tackle situations in detail whilst maintaining strategic momentum.

Naturally the remuneration and relocation packages reflect the seniority of the position.

Please write with full details – these will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Janette Tilley, ref. CR/800/12.

MSL Advertising

Clinton House,
2-4 Clinton Terrace,
Derby Road,
Nottingham NG7 1LY.

Corporate Controller

BERKSHIRE **£40,000 + CAR + Full Benefits**

Our client is Northern Telecom, a major North American Corporation involved in the design and manufacture of fully digital telecommunications and information management systems.

The European operations are currently undergoing a major development programme, and it is now essential for the group to strengthen its overall finance function by appointing a Corporate Controller. The main responsibilities of this executive post will include accounting and control, taxation, planning and analysis and systems development.

Candidates for this senior appointment will be qualified accountants, aged 35 to 43 years who can clearly demonstrate excellent experience in a financial control capacity gained within a multi national.

Please send a CV with a handwritten covering letter quoting reference N329/B to: R. N. Collier Esq.

MOORES & ROWLAND

50 St. Andrew Street,
Hertford, Herts. SG14 1JA

MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED

FINANCIAL PROJECTS MANAGER

ACA/ACMA Age 24-27

Surrey **To £24k + Car**

Due to internal promotion, an opportunity has arisen within a blue chip company for a bright and highly motivated individual to demonstrate and develop his or her analytical skills, commercial awareness and management potential. The company, which has a £2 billion turnover from operations in 50 countries, is an outstanding example of a British company being a world leader in its chosen area of business.

Prime responsibilities within this project role will encompass accounting policy issues, evaluation of major capital projects, review of budgets and reforecasts, appraising financial performance of operating units and investigating potential acquisitions.

Working within a small finance team at the Head Office of the major UK operating subsidiary, the role involves extensive liaison with senior management and finance managers of operating units.

Candidates should be graduate qualified accountants with up to two years post qualification experience preferably gained with either a "big 8" firm or leading industrial organisation. The ability to work with minimal supervision and communicate effectively is essential.

An attractive remuneration package commensurate with the experience and qualification level of the successful candidate will be offered. Relocation assistance is available if necessary. Interested applicants should contact Mark Gilbert ACA on 01-930 7850 or write, enclosing details to Robert Walters Associates, 66-68 Haymarket, London SW1Y 4RE.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
LONDON • BRUSSELS

Financial manager

East Anglia, c£25,000 + car

C&L

For an important division of a major distribution and service group.

With divisional turnover exceeding £100m and ambitious plans for continued profitable growth, this key position will provide the stepping stone for further career opportunities within the division or group.

Leading a team of 18, you will have responsibility for putting in place the controls and systems required to provide total accounting support for the businesses' operating units. Emphasis is on the development of organisation, procedures and resources allowing pro-active reporting on business performance.

Aged in your 30's, qualified and commercially aware, you will be as skilled in management as you are as an accounting practitioner. Your career to date should include 2-3 year's post qualification experience within a 'blue-chip' environment. You should be seen as someone with potential for progression in either line or general management capacities.

Please send a career history, which includes a day-time telephone number, together with an indication of present earnings to Stephen Smith, quoting Ref. S146.

Coopers & Lybrand Executive Selection

Coopers & Lybrand Executive Selection Limited
Mount Pleasant House,
2 Mount Pleasant,
Cambridge CB3 0BL

EUROPEAN ACCOUNTANT

C.£19,000 + Car + Bens

OXON/PARIS

Our client, a fast growing subsidiary of a top 100 company, is the leading manufacturer and distributor of small plastic parts in Europe. Due to the company's continued growth in the European market, they now seek to recruit a fully qualified accountant aged between 25-30 with some commercial experience.

Reporting to the finance director, the successful applicant will spend 25% of his/her time working in the company's subsidiary on the outskirts of Paris. With responsibility for all aspects of the accounting function in France, your duties will include preparation of monthly management accounts, development and implementation of a new computer system and general management duties.

The remaining time will be spent in Oxfordshire at the Company's head office working closely with the finance director on monthly accounting practices, the implementation of a new computer system and future company developments.

This is an exceptional opportunity for a recently qualified accountant with a good working knowledge of French to gain international experience in a growth orientated business.

Please contact Giles Daubeney on 0734 393240 or 01-870 7197 (evenings and weekends).

BADENOCH & CLARK

THE FINANCIAL & LEGAL RECRUITMENT SPECIALISTS
BLAGRAVE HOUSE, 17 BLAGRAVE STREET, READING RG1 1PW.
TELEPHONE: (0734) 393240.

Financial Planning Manager

Cheltenham

Career Prospects + Attractive Package

This newly created position within a manufacturing division (t/o c30m) which is marketing led, reports to the Financial Director.

The role will have responsibilities for a small team to develop the management reporting systems in addition to financial planning, evaluation of new product developments and expansion plans through both organic growth and possible acquisitions.

Candidates, age indicator 28-33, should be qualified accountants possessing good inter-personal skills, having worked with sophisticated systems and senior executives.

An attractive remuneration package includes a bonus scheme, fully expensed car and if relevant relocation expenses. Proven success should lead to promotion within this UK group plc.

Please write or telephone enclosing full resume quoting ref: 202 to:

Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

Internal Auditor

Saudi Arabia **£30K + Benefits**

The Saudi Iron and Steel Company (HADEED) is a recently established steel producer based in the New Industrial City of Al-Jubail. During the first 5 years of operations, initial output capacity (800,000 m. tonnes/annum) has been substantially exceeded and the Company is seeking to consolidate and develop its position by embarking upon a programme of process enhancement.

An integral part of this programme is the strengthening of financial control and to this end, the Company is seeking to recruit a suitably qualified and experienced Internal Auditor.

The position will involve the setting up and development of the Audit Section and is seen as an essential area in the Company's growth.

The succesful candidate will undertake a variety of assignments including Financial Audits, Analysis of Operational Procedures/Controls, Systems Development and Special Investigations along with close liaison and recommendations to Senior Management. Candidates must be suitably qualified with a minimum of 3 years' exposure in an industrial environment.

The position offers an attractive salary along with free furnished accommodation, travel allowance, interest-free car loan scheme, free health insurance plus other expatriate benefits. Married Status is also available to degree holders.

Interested candidates should contact Warwick Holland at Michael Page International, 39-41 Parker Street, London WC2B 5LH. Telephone: 01-831 0431.

MP

Michael Page International
Recruitment Consultants
London Amsterdam Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

Finance Director (designate)

to £35,000 + car etc
Twickenham, London

Our client, SMM Communications Limited, principal activities include the sale of Hewlett-Packard micro-computers and minicomputers as well as the provision of consulting services, hardware, business systems and office automation solutions. To take account of four years impressive growth, to date, there is now a need to recruit a financial executive of positive and dynamic approach to assist the Company in its future development programmes.

Reporting to and working closely with the Managing Director, the successful applicant will, and in addition to total responsibility for the implementation and co-ordination of effective accounting, budgetting and financial planning for the Company, participate fully, as part of a small but fully committed management team, in determining future corporate policy and commercial strategy.

Applicants aged 28 to 40 must be Chartered Accountants, who can demonstrate significant commercial flair and positive interests in the future development of computer technology. Additionally they must be of a lively personality, adaptable and keen to become involved in the future direction and success of the Company.

In addition to salary, benefits will include a fully expensed motor car, pension fund arrangement, private health insurance etc. This is a distinct opportunity for both personal and career development and could well be a first move for someone wishing to leave the accounting profession.

Applicants interested should write enclosing a full CV and current salary, quoting reference MCS/7221 to Michael Andrews
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

UK CORPORATE ACCOUNTS SALES MANAGER

LONDON BASED **£40,000 package**

A substantial international insurance group with ambitious plans to increase their UK presence is seeking to appoint a dynamic individual to develop and manage their UK corporate accounts division.

Reporting to the General Manager UK, and European Corporate Accounts Manager, you will have direct responsibility for new business development, renewals underwriting, expense control, and management of a small sales and administrative team for the domestic and offshore corporate employee benefit business.

The person we seek, therefore, should have a **minimum of eight years'** experience successfully managing national/multinational corporate accounts promoting group pensions/life/medical/disability, etc., a **knowledge of re-insurance** and multinational agreements would be a distinct advantage.

If you feel you have the necessary qualities and experience required and wish to be considered for this appointment, telephone or write to John Ansell for an initial confidential discussion.

PETER BRAY ASSOCIATES
EXECUTIVE SELECTION

3 BLAKE HOUSE · ADMIRALS WAY · WATERSIDE · LONDON E14 9UF · TELEPHONE: 01-538 5141

Financial Controller

'can you cope with the growth? –
£3.5m to £6m this year and a £2m pre-tax'

c. £25,000 + bonus + car **Age 26–30**

A once in a lifetime opportunity with a very successful company, whose exceptional growth of recent times will be more than matched by future expansion – with all that entails in terms of corporate activity, personal challenge and career progression.

This privately owned company is a distributor of software systems and hardware to a fast expanding customer base, including many of blue-chip status. Its major product range – the world number one in software for the high growth sector of word processing and personal computing – has a 15% and expanding UK market share. And, a key factor in this success is the excellent customer support provided for a very extensive dealer network.

Reporting to the Managing Director, you will be responsible for all aspects of financial management plus company secretarial duties and other broader-based non-accounting activity.

You must be a qualified accountant with at least 2 years' commercial experience, ideally acquired within a sales/marketing/service orientated environment. Additionally, you must be capable of playing an active role in the diversity of small company life.

This appointment has a Southern Home Counties location.

Interested? Then please forward a comprehensive C.V. to **Dennis Fielding**, quoting reference **MD1447 at Macmillan Davies Consultants, Salisbury House, Bluecoats, Hertford, SG14 1PU. Tel. (0992) 552552.**

Macmillan Davies
MANAGEMENT SELECTION

INTERNATIONAL TAX SPECIALIST

Surrey **Package up to £35,000**

The BOC Group, a leading UK international company, is seeking to recruit a high calibre Tax Specialist to join its small, professional tax department at their Corporate Headquarters.

The Group has financial strength and powerful market positions in all of its principal businesses worldwide, most notably industrial gases and health care. It also has the international management team, resources and intent to develop new markets, products and services.

Reporting to the Group Manager, Taxation, you will make a substantial contribution to the formulation and implementation of the Group's tax strategy worldwide. This will involve close liasion with other specialist departments and operating companies and advising on international tax matters at senior management and Board levels. The successful candidate should quickly be recognised as the department's number two tax specialist.

This is an interesting role and would suit someone with particular interest in the following:

- **Blue Chip Environment**
- **Project Assignment**
- **High Visability**
- **Some Overseas Travel.**

A good degree is essential, as is a minimum of five years tax experience, part of which should have been gained in an international company. Applicants who are either qualified Accountants and/or a member of the Institute of Taxation would be preferred.

A first class remuneration package is offered which will include relocation expenses where appropriate.

If you feel you have the technical strength and practical flair to make a success of this important role, send a detailed c.v. to: Peter Bennett, The BOC Group, Chertsey Road, Windlesham, Surrey GU20 6HJ.

THE BOC GROUP

YOUR NEXT STEP! FINANCIAL CONTROLLER

North London c£28K+Bonus+Car

Our client operates in the service sector on a nationwide basis and as part of their continuing growth are now seeking a Financial Controller who is ready to manage a team of 30 staff.

You will report to the Financial Director and be responsible for budgetary controls, financial and management accounts, liaising with all external and internal related bodies.

Aged 28+ you will be a qualified accountant, preferably chartered, with 3-5 years experience in a fast moving environment.

Being flexible in your approach to both people and figures is essential, as is enthusiasm, drive and commitment.

All interviews will be held with the client company but in the first instance please telephone Janet Turner on

01-405 9126

PLANNED PRE-SELECTION SERVICES
51-53 GRAY'S INN ROAD, LONDON WC1X 8PP

GROUP FINANCIAL CONTROLLER

WC2 from £25,000 + car

Our clients are a long established publicly quoted group with an international portfolio of property investments. They now wish to recruit a *group financial controller* who will be responsible to the managing director. *Responsibilities will cover all aspects of* accounting and financial management with particular emphasis on the further development of effective budgetary controls and cash flow reporting to tight deadlines. There is scope for extending further the IBM micro-computer based systems.

Candidates, young qualified chartered accountants, must have the character and ability to assume total responsibility for *the finance function including the* consolidation of overseas operations. Confidence in computer systems work is essential and some knowledge of property or construction desirable. The salary is negotiable from £25,000, plus car and good benefits.

Please write in confidence with full career details, quoting ref C5762, to John W. Hills.

KPMG Peat Marwick McLintock

Executive Selection and Search
9 Creed Lane, London EC4V 5BR

Senior Financial Management Role for outstanding Commercial Accountant

Manager – Financial Planning & Analysis

International hi-tech Major

c£35,000 + car

Our client is a major international computer and office-automation group whose outstanding range of high-performance products are amongst the world-leaders in their field.

Strong financial management is a key factor underpinning their success, with financial planning and analysis providing a major input to the development of strategic business and marketing policy, and the maintenance of operational controls.

Reporting to the U.K. Controller, and as a senior member of his highly professional and committed team, you will manage a department of 16, providing detailed financial plans, forecasts and analysis of the business for the senior U.K. Management, together with additional reporting to the U.S. Corporate H.Q.

In addition to your ability to direct and motivate 4 departmental managers, (all qualified accountants), your *success will be measured by your contribution to the profitable* growth of the business, through the identification and understanding of complex business issues, and their lucid communication to operational and financial management.

We seek a qualified accountant, in his/her thirties, with an excellent technical background, which may well have been gained in a top 8 international practice, and who can demonstrate a high degree of commercial awareness, with experience probably gained in a fast moving, marketing orientated environment.

Based in their U.K. headquarters in W. London, this appointment commands a benefit package developed to attract candidates of the highest calibre, with flair and imagination, and who have the drive and ambition to ensure rapid career progression within an established frame-work of succession planning.

For a detailed and confidential discussion, call **Neil Wax** on 01-387 5400 (out of hours on 0923 243033) or write with full C.V. (quoting ref: E1) to Financial Selection Services, Executive Selection Division, Drayton House, Gordon St., London WC1.

financial SELECTION SERVICES

Executive Selection Division

FINANCIAL DIRECTOR

CAPITALISE ON YOUR COMMERCIAL FLAIR

Central London **c £30K + Benefits + Car**

Involved in design, construction and contracting services in exhibition, promotional and related activities, this £20 million t/o company, part of a major diverse group, is enjoying market-leading status and profitable growth.

Heavily committed to an ongoing programme of expansion, both organic and through acquisition, they are currently seeking a Financial Director. Supported by a team of committed and professional staff, and working closely with the Managing Director, the main responsibilities will include:

- ☐ **Rationalisation of existing group structures**
- ☐ ***Commercial/strategic planning***
- ☐ **Achieving growth through acquisition**
- ☐ ***Market analysis/new product development***

The requirement is for a qualified Accountant, aged between 30-40, with proven entrepreneurial abilities and the commercial acumen necessary to significantly influence business development strategy. Career prospects, either within finance or general management, are excellent, both within the company or throughout the group.

In addition to a highly competitive salary, a valuable range of benefits is offered, including a company car, BUPA, share option potential and relocation assistance where appropriate.

For further information, please telephone Phillip Price ACA or James Forte on 01-488 4114, or write to them, quoting reference AO89, at Mervyn Hughes International Ltd., Management Recruitment Consultants, 63 Mansell Street, London E1 8AN.

We supply the best T-Shirts & Printing in the UK & therefore can offer the best rewards.

Financial Director

By constantly providing our customers with what they want, when they want it, GBTC has become one of Europe's largest T-Shirt printers and the Group currently turnover in excess of £10 million p.a. We are an independent company which believes in self-motivation and this has enabled us to develop a range of products which gives us a unique position in the marketplace.

We are the only company in our field to unconditionally guarantee a T-Shirt and this is called a SUPATEE.

Since our expansion to Corby in 1987, we have been recruiting people from all disciplines to join our team. We offer excellent prospects and rewards to all successful applicants.

We are currently looking for a Financial Director to join our team at the highest level. The suitable applicant will be:

- ★ A fully qualified accountant.
- ★ Capable of controlling a group of companies.
- ★ Experienced in import finance levels around £6m p.a.
- ★ At a time in their career where a challenge is necessary.
- ★ Highly motivated when results are rewarded with Equity options and a package circa £40K.

All applications should be made in the first instance, sending a full C.V. to Great British T-Shirt Company, Supatee Complex, Pywell Road, Willowbrook Industrial Estate, Corby, Northants NN17 1XJ marked for the attention of Jeneth Slater. Tel. 0273 - 609487.

FINANCE DIRECTOR
£17,000 + car + benefits

The Newship Group is a successful, acquistive privately owned industrial group with a wide spread of business interests throughout the U.K. Turnover of £60m is achieved in domestic and overseas markets.

Success has been based on sound financial control of each business and we now seek to appoint a Southern Home Counties based accountant who will initially act as Finance Director of a distribution company.

Applicants will be enthusiastic qualified Accountants, ACA, ACCA or ACMA aged 25 - 35 possessing initiative and toughness to rise to this challenge and in due course to seize other opportunities which abound within this growth orientated group.

PLEASE APPLY IN WRITING TO: M H BANCROFT, NEWSHIP GROUP LIMITED, CLIVE HOUSE, 12-18 QUEENS ROAD, WEYBRIDGE, SURREY. KT13 9XB

LONDON'S OLDEST FIRM OF CHARTERED ACCOUNTANTS

Requires experienced all-rounder for general practice division. Sound tax knowledge essential. Partnership prospects for the right candidate.

Applications in writing to:-
The Staff Partner, Begbies, 6 Raymond Buildings, Grays Inn, London WC1R 5BP

"... a C.A. with business flair..."

Commercial Director

International Distribution and Service Group

Northamptonshire *c. £33,000 + car & good benefits*

The major UK subsidiary of a successful PLC has a turnover exceeding £40m and national franchises for well known industrial equipment. Operating autonomously, they are expanding their extensive depot operations.

The Director, a vital member of the Company's senior management team, will lead the Finance, Accounting and Operational Support Functions – contracts management, DP and shipping.

Candidates should be qualified accountants, probably in their 30's, with broad commercial experience, ideally gained in the service sector. Proven management skills, drive, a sound appreciation of MIS systems and the ability to think strategically are essential *qualities for this challenging position.*

The remuneration package is competitive, including a worthwhile achievable bonus, and the opportunities for progression to general management are excellent.

Please reply to Barbara Robertson in strict confidence with details of age, career and salary progression, education and qualifications, quoting reference *5083/FT on both envelope and letter.*

Deloitte Haskins+Sells

Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

Are you a Computer All-rounder?

Computer Audit – Computer Consultancy – Computer Training – In-House Systems Manager

- ◆ **Challenging and varied role.**
- ◆ **Wide client base with many plcs.**
- ◆ **Client mainframes – minis – micros.**
- ◆ **In-house computer development.**
- ◆ **Partnership Prospects – 2-3 years.**
- ◆ **Training of in-house/ client staff.**
- ◆ **Computer consultancy.**

Computer Services – Potential Partner ACA's 28+ **to £30,000 + car Central London**

Our client is a "top 30" firm of chartered accountants seeking to recruit a future computer services partner to take responsibility for client computer audit, installation review, computer security, Data Protection Act work, etc. plus in-house computer development, staff training and computer consultancy for mainly smaller clients (new users).

Candidates (male or female) should have experience at manager level in public practice or commerce/industry of computer audit work plus any or all of the other areas listed.

Please send your CV to **George Ormrod, BA (Oxon), Director** or **Stephen Hackett, BA (Oxon)** to our London address or telephone **01-836 9501** for more information, **quoting reference 8104.**

FINANCIAL & MANAGEMENT RECRUITMENT CONSULTANTS

DOUGLAS LLAMBIAS

LONDON · BIRMINGHAM · LIVERPOOL · MANCHESTER · ABERDEEN · EDINBURGH · GLASGOW
DOUGLAS LLAMBIAS ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R ONS
TELEPHONE: 01-836 9501

Accountants/MBAs

Northern Home Counties

Our client is a £1.5 billion subsidiary of the world's largest industrial group. Renowned for its high quality brand names *this company is committed to investment in new products and advanced manufacturing techniques.* They now wish to appoint two high calibre accountants or MBAs to contribute to their expansion well into the 1990s.

Finance Manager Marketing
c£30,000 + two cars

This challenging new position will contribute to all aspects of *business planning* and *control* related to the sales and marketing functions and will be responsible for *the supervision of a small, highly motivated team of* finance specialists.

Finance Manager Treasury
c£30,000 + two cars

This demanding role will be responsible for the effective management of an *£800 million* investment fund. This involves the investigation and analysis of UK and international *investment* opportunities, the supervision of a small treasury team and liaison with external financial advisors.

Applicants should be graduate qualified accountants or MBAs, aged 27-35 and will be carefully selected for their high potential for rapid promotion to senior management positions within the UK, Europe and worldwide. Personal qualities should include good interpersonal and commercial skills with the ability to think quickly and develop creative *solutions to business problems.*

Interested candidates should write to Peter Ward, ACMA enclosing a CV quoting reference HCN 1011, at Michael Page Partnership, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA.

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

FINANCE DIRECTOR

Lancashire/Yorkshire Border **c £32,000 + Car + Substantial Bonus**

Our client is a subsidiary of a major international company, and is a well known manufacturer of branded consumer goods with operating companies in Australasia, Europe and the United Kingdom.

An internal reorganisation has created the requirement for a commercially minded Finance Director for the UK operation, which contributes approximately 45 per cent to the Group turnover. This highly visible and crucial appointment reports directly to the UK Managing Director and functionally to the Group Finance Director.

Supported by a team of some 25 individuals, the broad responsibilities of the position include budgets and planning, management accounting, costing and pricing, and financial accounting. The company has an IBM System 38 Computer.

The obvious breadth of this role requires that candidates should be qualified accountants, ideally aged 33 - 38, who can clearly demonstrate previous experience of working within a large company in a fast moving consumer goods environment. Strong technical skills, especially in the area of cost accounting, previous experience of IBM or similar systems together with excellent inter-personal and communication skills are essential.

In addition to the excellent remuneration indicated above, a relocation package will be available if required.

Interested *individuals* should telephone Peter Flamniger, or write enclosing a resume and current salary details to: FMS, 14 Cork Street, London W1X 1PF (Tel: 01-491 3431).

F M S

Search and Selection Specialists
for
Financial Management

Group Chief Internal Auditor

City **c£35,000 + Car**

Willis Faber

Our client, Willis Faber Plc, is one of the leading international insurance and re-insurance brokers with offices throughout the world. The Group has an impressive record of growth, both organic and through acquisition.

As a result of internal promotion we are seeking an exceptional chartered accountant to fulfill the key position of Group Chief Internal Auditor. Assisted by a team of professionals, your role will be to identify the critical areas of risk, formulate key objectives and investigate those selected operations. Responsibilities cover the entire Group and will therefore involve some overseas travel. This post reports to the Chairman of the Audit Committee and is seen as an entry point for future directors.

The successful candidate must be a dynamic self-starter with a strong sense of purpose and excellent inter-personal skills. He or she must have trained with a "big eight" firm and be a manager looking for the first move out of practice, or, following qualification have gained experience in internal review or the insurance sector. Computer literacy is also an important requirement.

Interested applicants should write enclosing a comprehensive curriculum vitae and daytime telephone number to **Jon Anderson ACMA, Executive Division, at 39-41 Parker Street, London WC2B 5LH, quoting ref. 481.**

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Leading F.M.C.G. seeks accomplished professional

Finance Director – U.K. Brands

£30,000 + executive benefits + car + relocation

Our client, the U.K. subsidiary of a prestigious multi-national, is widely acclaimed as a world leader in the marketing and sales of a range of internationally famous wine and spirit brands. Successful acquisitions, coupled with innovative brand development, has provided an excellent platform for continued growth and profitability in 1988.

The opportunity has now arisen for an ambitious finance professional to join the U.K. sales management team as Financial Director. This demanding appointment will require you to play an important commercial role, working closely with brand sales and marketing management and providing support and direction based on high quality financial information relating to product performance, investment opportunities and corporate strategy.

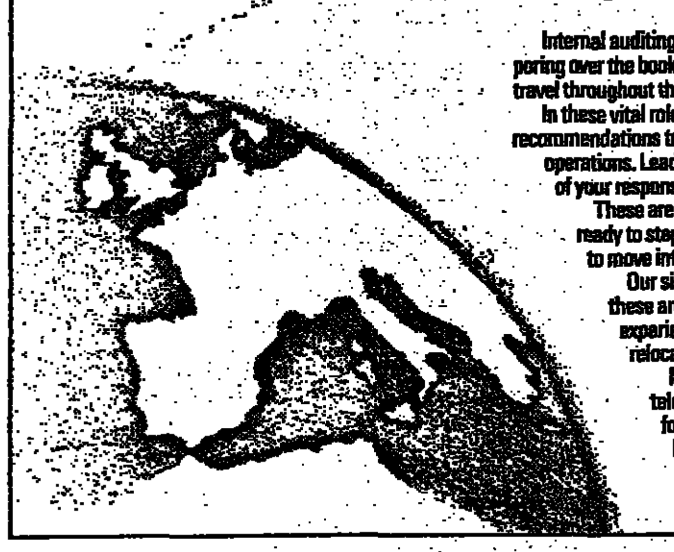
We invite applications from Qualified Accountants, ACA/ACMA/ACCA or MBA's, likely to be aged between 28 and 35 who will be able to demonstrate the required combination of commercial judgement and well developed analytical and communication skills.

Based at their U.K. headquarters in Essex (near the M11), this position offers a progressive benefit package, including generous relocation assistance where necessary. There will be excellent career development opportunities within the immediate organisation and other areas of the group.

For further details and a confidential discussion please contact Paul Goodman, (quoting Ref. E3) on 01-387 5400 (out of hours 01-954 5242) or write to him at Financial Selection Services, Drayton House, Gordon Street, Bloomsbury, London WC1H 0AN.

financial SELECTION SERVICES
Executive Selection Division

Explore the scope of International Auditing.



BASED CENTRAL LONDON

Internal auditing for Chevron, one of the world's major oil companies, means more than just poring over the books. It provides genuine career development plus the opportunity for extensive travel throughout the UK, Europe, the Middle East and Africa.

In these vital roles, you will appraise systems and controls and present objective recommendations to the senior management of our exploration, production, refining and marketing operations. Leading or working with joint-venture review teams will also be an important part of your responsibilities.

These are excellent career openings for qualified and part-qualified accountants who are ready to step into a high level role in international audit with the potential and the ambition to move into the mainstream financial area.

Our significant North Sea interests and vigorous exploration programmes ensure that these are careers with a future. Excellent salaries will be geared to qualifications and experience. A first-class benefits package includes generous relocation assistance where appropriate.

Make your move into the international oil business and telephone Jane Barker on 01-487 8796 for an application form. Chevron Petroleum UK Limited, 2 Portman Street, London W1H 0AA.

We are an equal opportunities employer.

Chevron

Acquisitions and Investigations

M4 Corridor **to £30,000 + car**

The recent performance of this quoted British plc has been outstanding. Substantial increases in profitability have been achieved from enhanced efficiency, and an active acquisition programme to develop existing product lines and group activities. Growth is planned to continue on both fronts, creating the need for a specialist to concentrate on pre-acquisition and fair-value studies, and then to ensure that systems and resources of the new subsidiaries are linked into group requirements with minimum delay. The work will also include internal consulting and trouble-shooting. For a chartered accountant in the early 30s whose background includes experience in a manufacturing unit and a period in a corporate analytical role, this is an unusual and most interesting opportunity at the centre, prior to taking on a Financial Director's post in a group company. Salary and bonus negotiable to the level indicated with executive benefits provided.

Please send detailed cv, indicating current salary details, to Michael Egan, **Ref: 1922/MJE/FT.**

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

TOGETHER!

Financial Controller — Chelsea

Together Limited is a rapidly growing fashion company operating worldwide. To date the company has shown remarkable success in its international mail order franchise operations, and is embarking on an ambitious retail High Street programme to develop its 80 already successful concessions.
Recent trends have seen dramatic growth in both sales and profits.
An opportunity has arisen to head up the finance function as an integral part of the small head office team. Supervising a team of four, you will be involved in all aspects of finance, including planning and treasury as well as the review of monthly results. Your communication skills will be tested to the full in this lively and outgoing environment as you will be encouraged to become actively involved in the company's operation.
In addition to strong communication and motivational skills, you must be a qualified accountant, preferably with experience in retailing, with drive, ambition and a commercial approach.
This is a challenging post and will be well rewarded. Benefits will include a good basic salary and a company car.
If you wish to be considered for this position please telephone **David Northmore** on 01 831 2000 or write to him at **Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

'In Fact . . . Potential Director Material'

FINANCE MANAGER

London *c £25K + Bonus +Car*

As part of a radical decentralisation programme, our Client (a major presence on the nation's high streets and part of one of the UK's largest and most prestigious commercial groups) now wishes to appoint a new MANAGER OF FINANCE. This move will be a critical step in their overall plan to strengthen the Regional management team.

The Finance Manager will immediately take charge of a small, well-established department. In addition to managing the company's financial affairs, he/she will also handle a number of administrative functions such as transport, property and all insurance matters.

Computer systems, both mainframe and mini/PC based, have broadly been established on ICL equipment, but a major change at group level to IBM hardware is currently in progress. The Finance Manager will, therefore, as part of her/his longer term business activities be expected to help develop and nurture further systems improvements.

Direct reporting will be to the Regional General Manager, with an indirect 'dotted line' reporting structure to the F.D. Full participation in the commercial decision making process at a senior level will be seen as an integral part of the role.

Candidates must be qualified accountants in the 28-35 age range, with a good knowledge of systems and a sound commercial background. A Business Management Degree would be an attractive bonus. Specific experience in a service industry would also be highly advantageous.

During our briefing, descriptions such as 'self-starter,' 'pro-active,' 'good listener,' and 'outgoing' were used to highlight features of the ideal applicant's personality. The key criteria for success that we will be looking for, however, will be a superb commercial acumen linked to managerial competence.

Candidates should apply in the first instance by calling our **Executive Express Line** during normal office hours and asking for our Managing Consultant — **Ron Irving.** The number is **01-937 5771** (also available **24 hours**). Alternatively you may choose to send your Curriculum Vitae direct to our London Office, marking the envelope **'Reference FM/RHI.'**

We look forward to hearing from you.

THE HAMILTON IRVING CONSULTANCY

CONSULTANTS IN HUMAN RESOURCES AND RECRUITMENT TO THE RETAIL INDUSTRY

London House, 26-40 Kensington High Street, London W8 4PF
Telephone: 01-938 2222

High Growth – High Profile – International PLC

Group Finance Roles

West of London **£Excellent Packages**

Our client Avis Europe plc is a well known service sector company, with a strong international presence, operating throughout Europe. Growth has been dramatic in the past two years with turnover rising from £200m to £600m, both organically and through acquisitions, and it is anticipated that future growth will continue at a substantial rate. This is inevitably generating regular opportunities for senior finance personnel who are commercially orientated, creative and highly committed individuals. Two such opportunities have recently arisen at the company's headquarters based in Bracknell, Berkshire.

Assistant Treasurer
£25-£30,000 + Car

Reporting to the Group Treasurer you will join a small team responsible for an increasingly centralised treasury department *whose primary function is the effective funding of the group*, its overseas subsidiaries and its individual operating units. This will include using the most sophisticated funding instruments in the international market. In addition you will be responsible for cash forecasting, foreign exchange dealing, monitoring the operating companies fund management efficiency, and assisting in reviewing the group's financing strategy. It is also essential that the appointee has the maturity and presence to be able to deputise for the Group Treasurer and to handle negotiations with the company's bankers, lawyers and other advisors.

The successful candidate for this challenging role will be a numerate graduate aged 28-33, with an accounting qualification being a distinct advantage. You will already have acquired at least 3 years' previous corporate treasury experience in an international company. Financial institution experience would be a welcomed addition. Essential personal qualities include excellent interpersonal skills, an ability for fast thinking and decisive action, and mature judgement.

Tax Manager
Up To £35,000 + Car

Reporting to the Director of Group Taxation you will be involved in the tax affairs of a complex international group of companies, with the opportunity to have a substantial commercial impact on the "bottom line". Your responsibilities will include research and recommendations relating to corporate structuring, acquisitions and disposals, and you will have a direct impact on the formulation and implementation of tax strategy throughout the international operations of the group.

This role will also involve considerable contact with the operating companies, other group accounting functions in particular the Treasury department, in addition to external advisors.

You will be a graduate qualified accountant with at least 5 years' tax experience, including some international exposure. You will also have acquired a high level of credibility through well developed analytical and planning skills coupled with strong personal presence and good communication abilities. A certain amount of travel will also be required although it is not anticipated to be excessive.

The compensation package for both positions, includes an executive car, bonus, non-contributory pension and BUPA. Relocation assistance is also available if required. My client's demands are high. If you meet them please contact **Wayne Thomas, Executive Division, Michael Page Partnership, Kingsbury House, 6 Sheet Street, Windsor SL4 1BG.**

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Group Financial Controller

(Director Designate)

Expanding Services Group

£25-30,000 + Car

Battersea, SW11

Our client is a well-established and successful group of companies providing a comprehensive range of sea, air and land freight services to clients' worldwide. Additionally, the Group has significant property interests with its property development subsidiary currently engaged in a number of important projects.

As a key element in the planned expansion and development of the Group, the Board now wish to appoint a commercially minded and forward thinking qualified accountant as their first Financial Controller.

Reporting to the Joint Managing Directors, you will have overall responsibility for the financial management of the Group, participating fully in management and commercial decisions effecting future growth and profitability. Immediate tasks include establishing improved systems of accounting and reporting, and providing accurate and meaningful management information to enable tighter control to be exercised over their operations spread throughout the U.K., in addition to 3 new offices recently opened in the U.S.

For this important and challenging role we are seeking an experienced accountant, most likely aged in his/her thirties, with the personality and enthusiasm to make a practical contribution to the long-term success of this well-managed business.

***For a detailed and confidential discussion,* call Neil Wax on 01-387 5400 (out of hours 0923 243033) or write with full c.v. (quoting Ref. E2) to Financial Selection Services, Executive Selection Division, Drayton House, Gordon Street, London WC1.**

financial SELECTION SERVICES
Executive Selection Division

Special Projects & Investigations

ACMA
To £30,000 + Car

This is a high profile position which will complete *a small elite,* multidisciplinary team which is based at the corporate centre of a £ multi-billion international consumer product group. The team will be responsible for high priority and sometimes highly sensitive projects particularly focused on controls and information systems, the quality of management information, profitability and asset management.

Applicants should be ACMA members with experience of financial control and reporting systems gained within a large multinational group. Sound interpersonal skills, the resilience to see a project through and very high standards of written and verbal presentation are essential. *The ability and willingness to handle short* assignments overseas is necessary.

Success will lead to opportunities for advancement to some of the key roles in the organisation. Age guideline late 20's-early 30's. Base location West London. Relocation assistance available if necessary.

Please apply in confidence quoting ref: L351 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

SUCCESSFUL JOB SEARCH

ARE YOU A SENIOR EXECUTIVE SEEKING A NEW FINANCIAL APPOINTMENT?

We are the professionals who can advise and help you. Since 1980, Connaught's executive clients have accessed unadvertised vacancies, obtained interviews, found the right jobs and reduced search time. Contact us for an exploratory meeting. It is without charge and we will tell you if we can help and at what cost; it may be easier than you think. If you are currently abroad, enquire about our Executive Expat Service.

32 Savile Row, London W1X 1AG
Tel: 01-734 3879 (24 hours)

Connaught

UNIVERSITY OF WARWICK
School of Industrial and Business Studies
Lecturer in Accounting & Finance

As part of its continuing expansion, a vacancy exists for a further lecturer to join the Accounting & Finance Group. Candidates should be able to demonstrate a strong academic background and a commitment to research. The post provides the opportunity to teach on a variety of programmes, including specialist undergraduate, MBA and post-experience.

Applications are welcome from suitably qualified candidates from any part of the field, with a preference for research interests in the capital markets and investments area.

Salary on either the Lecturer grade A scale: £8735 - £13675 pa or the Lecturer grade B scale: £14245 - £18210 pa.

Application forms and further details may be obtained from the Registrar, University of Warwick, Conventry CV4 7AL (0203 523627), Quoting Ref. 23/A/87. Closing date for applications is 5th February 1988

AN EQUAL OPPORTUNITIES EMPLOYER

Corporate Executives

Dynamic Service Group
Berkshire

Our client has recently undergone a major transformation with dynamic management developing an aggressive presence within its specialist service sector. The group, a well known household named plc, approaching £600m t/o, is pursuing rapid growth both organically and through acquisition.

This exciting expansion requires:

Controller
up to £32,000 package + car

This role will have specific responsibilities for central service matters across the group and with the assistance of a small team have a broad remit covering all corporate financial matters including the accounting and reporting for sophisticated financial instruments and ad hoc projects.

The function, high profile, will report direct to the Group FC so candidates should be qualified accountants who are technically strong, age indicator 28–34.

Business Planner
to £27,500 package + car

This role works closely with the General Manager of several European Territories (t/o £100m) and will provide the analytical support necessary to ensure the success of the business performance. Candidates, age indicator late 20's/early 30's, must be able to demonstrate commercial awareness and have an outgoing personality to liaise with many disciplines across the group. Some travel will be required.

Both of these positions are most definitely considered to be development roles that offer first class opportunities for future career development coupled with excellent remuneration packages. Candidates should therefore have drive and enthusiasm to succeed and progress within a fast moving environment.

Please write or telephone enclosing full resumé quoting ref. 203 to:–
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE.
Telephone: 01-839 4572.

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

Finance Manager

WEST LONDON — HERMES PARIS — C£20,000 + CAR + Benefits

Our client is one of the World's leading manufacturers and retailers of luxury leather goods and exclusive perfumes.

As the UK Operation is now expanding the Company wish to appoint a Financial Manager to oversee all the UK financial activities.

This is an excellent opportunity for a young qualified accountant, aged 24 to 30, to join an exciting international organisation which can offer first class experience and further career development opportunities.

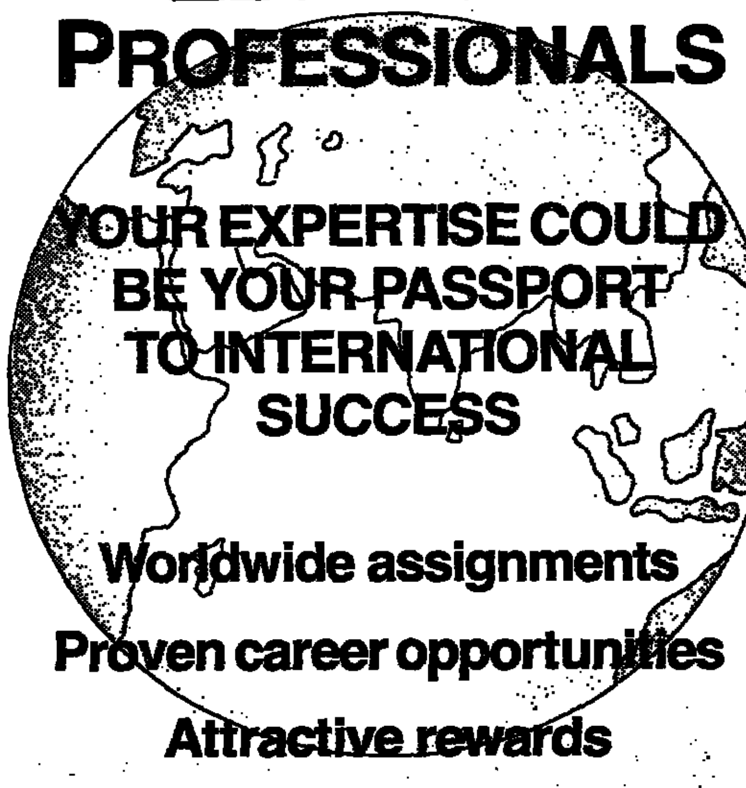
Please send a full CV with handwritten covering letter quoting ref H381 to: R. N. Collier Esq.

MOORES & ROWLAND

50 St. Andrew Street,
Hertford, Herts. SG14 1JA

MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED

EDP AUDIT PROFESSIONALS



YOUR EXPERTISE COULD BE YOUR PASSPORT TO INTERNATIONAL SUCCESS

Worldwide assignments

Proven career opportunities

Attractive rewards

Mobil is one of the world's largest industrial corporations, *operating in more* than 100 countries. Revenues of nearly $50 billion are generated through its diverse oil related operations *and a growth oriented chemical business.*

Our worldwide corporate audit coverage, excluding North America, is based out of London, so the EDP Audit professionals we now wish to appoint will have unrivalled opportunities to travel internationally – spending some 2-4 months on each assignment before moving on to the next country.

These assignments will include *environmental* audits of data centres, reviews of systems under development and, as part of an integrated team with Financial auditors reviewing systems in operation.

This rewarding role demands an EDP professional with experience in the audit function of a major company or accounting practice, or a qualified Chartered Accountant who has specialised in EDP auditing.

Self-motivated, ambitious and outgoing, you'll need excellent communication skills, you'll thrive on pressure and relish the prospect of extensive travel – and your spouse will be able to accompany you. Experience in auditing IBM systems would also be a distinct advantage.

This is a high-profile role involving considerable exposure at senior management level, with rewards to match. It offers the opportunity to gain invaluable experience that will, for high performers, lead to significant career progression *outside the audit function – probably within Information Systems* in a Mobil affiliate.

Are you a match for this opportunity? Then write with full cv, or telephone to discuss the position further: Matthew Smith, Mobil Services Company Limited, Mobil Court, 3 Clements Inn, London WC2A 2EB.
Telephone 01-831 7171 x 4344.

Mobil

DEPUTY GROUP ACCOUNTANT

Central London — **£26,000 p.a. plus car, mortgage assistance and other benefits**

Our client, a long established and well-known insurance company, is currently seeking to recruit *the above individual to play a key role in its growth* and development plans.

The responsibilities of this position will include:

- Assisting with the preparation of quarterly and annual accounts, including review and analysis.
- Forecasting, budgeting and planning activities.
- Further computerisation of the total accounting operation.
- Full involvement in the Department of Trade *returns (including responsibility for further* computerisation of this activity).
- Analysis and review of investment income.
- *Assisting on major development projects.*

The role has a high exposure to the Management and Executive of the Company and is *an excellent career opportunity with the potential* for future advancement.

It is essential that applicants be qualified accountants with direct experience of general insurance. It is anticipated that the successful candidate will be 32 - 42 years old, but age is not seen as a crucial factor. Important characteristics for the incumbent are a flexible, sharp mind, with a mature, credible presence and good technical and commercial understanding.

Interested individuals should telephone Karen Wilson BA ACMA on 01 - 491 3431 (or on 0895 633429, weekends and evenings), or alternatively, write to her at FMS Ltd, 14 Cork Street, London W1X 1PF enclosing a CV and note of current salary.

F M S
Search and Selection Specialists
for
Financial Management

Taxation Manager
Expanding Property Group
Thames Valley — c.£30,000 + Car + Benefits

Our client is a well known respected name in the property development and investment sector. The company has achieved impressive and sustained growth in recent years, and now seek to recruit a group taxation manager to assume responsibility for the company's tax affairs.

The role offers an opportunity for candidates who relish involvement in commercial decision making. Directing the attention of senior management to the tax implications of business proposals, you will play a significant role in the company's development.

The successful candidate will be a graduate ACA qualified with a major firm of accountants, or commercial concern. Having specialised in corporate taxation you will now be looking for a high profile challenge within a stimulating environment. Property company experience and exposure to international tax and VAT is advantageous but not a prerequisite. The remuneration package is excellent with significant benefits provided to the right candidate.

For further information please contact **Chris Nelson** on **01-831 2000** (evenings and weekends on **01-785 6545**) or write to him at **Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

B·A·A
Audit Manager
A career opportunity in a growing business
Gatwick — to £24K package + car

BAA plc, the world's leading international airport group, is a highly profitable and expanding business, with a turnover of £439 million and profits of £124 million.

With a key role in the efficient and effective management of the Group, the audit function undertakes a range of project orientated assignments concerned with business performance, financial control and operational review across all disciplines, reporting to main board level. Continued expansion has created an exceptional opportunity for a recently qualified accountant to report to the Chief Internal Auditor.

Aged 25-32 you will need good interpersonal and technical skills to develop and expand the scope of the function's operations and make a genuine contribution to the further success of the business.

The company offers a highly competitive benefits package, including relocation where appropriate, and excellent career prospects as a member of the senior management team in an expanding business.

For further details of this challenging position contact Chris Sale on 0372 375661 (evenings and weekends 01-622 5321) or write to him at
Michael Page Partnership,
Cygnet House, 45-47 High Street,
Leatherhead, Surrey, KT22 8AG.

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

ASHTON·TATE
FINANCE MANAGER

Maidenhead — c.£21K + Bonus + Car

Ashton-Tate (UK) is a subsidiary of Ashton-Tate Corporation, the world leader in database products for personal computers who have continued to enjoy unprecedented levels of growth and profitability. As part of a multinational group billing in excess of $200 million and witnessing its fifth consecutive year of record expansion, they are consistently broadening their user base within an extremely aggressive market.

A Finance Manager is sought to assume day-to-day responsibility for the management and administration of the entire finance function, as well as the ongoing development of the computer facility. This is an influential role for a qualified Accountant, which could represent a first step into financial management.

Aged within the range 25-35, you should have some previous experience of computerisation, ideally together with a sound commercial background. The entrepreneurial flair and analytical approach necessary to resolve complex issues and contribute towards business development is essential.

Outstanding prospects include worldwide scope to move into a group management role – the previous incumbent was recently promoted to a general management position within the US holding company.

For further information, please telephone Simon Hewitt or Charles Austin on 01-488 4114, or write to them, quoting reference AO92, at Mervyn Hughes International Ltd., Management Recruitment Consultants, 63 Mansell Street, London E1 8AN.

Finance Director

London

c £35,000 + car

Our client is a young, *dynamic* company that has become a market leader within its sector of computer software design. The company has developed an extremely comprehensive network of blue chip customers worldwide that has enabled it to become a highly successful and profitable organisation backed up by its unique products. With immediate expansion plans ahead, that include a USM listing within eighteen months, there is now a requirement to appoint a Finance Director.

The role will encompass the complete provision of management and financial information and the establishment of controls that will lead to the flotation.

Candidates should be chartered accountants, age indicator 28-35, who have *sound technical abilities* coupled with good commercial awareness and enthusiasm to make the business succeed. A shirt sleeves approach is vital as the environment is exciting and growth orientated.

Please write or telephone enclosing a full curriculum vitae *quoting* ref: 204 to:

Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

Senior Taxation Specialist

Develop your specialist skills in a more creative environment

Central London c.£30,000 + car + benefits

3i is a company whose business is investment. As Britain's leading venture capital company, we offer a distinctive blend of financial and industrial skills which help develop successful businesses. We are now seeking a Senior Taxation Specialist, who will play a key role in the continuing success of our business.

Currently in the profession, you will be looking for a good route into commerce, where you will have the opportunity to develop your specialist skills in a challenging, innovative environment. At 3i, that's exactly what we're offering.

Your key role will be to assist the Taxation Manager and his deputy in the planning and reviewing of our taxation affairs both in the UK and overseas, and to ensure that all relevant matters are dealt with to the Group's optimum advantage. This will include reviewing the tax efficiency of the Group's legal structure, and providing a full internal tax consultancy service.

You will need to be a Chartered Accountant, ideally with membership of the Institute of Taxation. At least 5 years' experience of corporation tax (including taxation of large groups) is essential, as we will expect you to possess – and to utilise – a high level of technical expertise.

We are offering a highly attractive financial sector package of c.£30K plus car, and benefits including profit sharing, concessionary mortgage, free medical insurance and a non-contributory pension scheme. We are also presenting you with an ideal springboard to greater career success within the financial world.

To apply, please contact Jo Dean, Personnel Manager, on 01-928 7822 for an application form. Investors in Industry plc, 91 Waterloo Road, London SE1 8XP.

3i
A WEALTH OF EXPERIENCE

Financial Controller

N Home Counties
to £27.5K + Car

Well-established, stable, profitable and expanding, this manufacturer of food products with turnover nearing £50m supplies the major national retailers. The Head Office is North of London (near M25) but accounting responsibilities are multi-sited.

Internal restructuring, necessitated by expansion, has created the need for a Financial Controller to take charge of the entire accounting and management information function.

A qualified Accountant is a must, with the emphasis being on a mature/experienced individual. Likely age range is 30 to 45.

Essential experience includes man-management and exposure to computerised accounting systems. A background in food or general FMCG is desirable.

For the conscientious, hard working Accountant with a demonstrable track record, this is a rare opportunity to secure career progression and security.

Applications, giving full personal and career details, should be submitted, quoting reference SHA.1045 to Peter Napier at Stoy Hayward Associates, Management Consultants, Executive Recruitment Division, 8 Baker Street, London W1M 1DA.

Stoy Hayward Associates
MANAGEMENT CONSULTANTS
A member of Horwath & Horwath International

Management Accounting Manager

London/Kent borders — to £25,000 + car

Our clients are a well-known multiple retailer and a major division within a substantial British group. The Management Accounting Manager will be joining a young team which is leading the company through an exciting period of development to maintain its position as leader of its retailing sector. The role is crucial to this process since it carries responsibility, through a department of 10 people, for the provision of an efficient financial service to operational management and the Board. The need is not for a number cruncher but for somebody who can interpret business trends, develop meaningful plans and analyse performance constructively. This is an excellent opportunity for a young (under 30) commercially-minded accountant to make a significant contribution within a large, fast-moving business. Ref: 1654/FT. Send c.v. (with telephone numbers) or write or phone for an application form to R.A. Phillips, ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

TAX PARTNER DESIGNATE
Central London
£35,000

This very senior post requires a candidate of *the highest calibre,* technically & personally. In order to contribute to developing the tax function of this medium sized practice, the successful appointee will provide a consultancy/advice service to partners and clients on highly complicated technical issues. ACA (ATII Advantageous)

In the first instance please contact David Paton on 01-734 4836.
Finance Recruitment
Executive
Search & Selection

APPOINTMENTS ADVERTISING
Appears every Wednesday and Thursday
for further information call 01-248 8000

Tessa Taylor ext 3351
Deirdre Venables ext 4177
Paul Maraviglia ext 4676
Elizabeth Rowan ext 3456

CORPORATE FINANCE

YOUNG, UPWARDLY MOBILE CHARTERED ACCOUNTANTS

Two graduate Chartered Accountants, aged 24-29, are sought by a leading merchant bank based in the City.

Working in an expanding and dynamic environment, your responsibilities will cover mergers, acquisitions, bids, defences, flotations, management buyouts, new issues and specialist financing exercises. To qualify for consideration, you should possess an excellent track record, strong interpersonal skills and both enthusiasm and commitment. The remuneration package and career prospects will satisfy the most ambitious.

The bank is a leading player in a competitive field and ascribes its success to assertive marketing and a combination of first class service and applied technical expertise.

If you are interested in these exceptional opportunities, please write briefly enclosing a C.V. or telephone for a personal history form quoting ref. 5030 *to Angela Britton who is advising the bank on* these appointments.

RECRUITMENT SELECTION & ADVERTISING
EXECUTIVE CONNECTIONS
3rd Floor 43 Eagle Street
London WC1R 4AP Tel: 01-242 8103
or call John Constable on 01-549 5519 out of hours

Lancaster Associates
3rd Floor, 65 London Wall, London EC2M 5TU
Telephone: 01-628 6971

M & G

ASSISTANT ACCOUNTANT

Salary negotiable — City based

M & G launched Britain's first unit trust in 1931 and is today the largest UK unit trust management group with a wide variety of investment schemes.

An opportunity has arisen for a qualified Accountant with both investment and unit trust taxation experience to assist with the general running of the division, including the preparation of financial accounts.

It is unlikely that applicants under 30 would have the required qualifications and experience.

For further information please forward career details, in the first instance, to

LANCASTER ASSOCIATES
65 London Wall, London EC2

or Telephone in confidence
01-628 6971 or 628 5111

SUSAN ALBA

Finance Director

Humberside
c. £30,000 + car + benefits

Our Client is long established and a market leader in its field of high quality products within the printing industry.

Reporting to the Managing Director, the Finance Director will take charge of all financial and management accounting and also MIS.

Ideal candidates will be *in their thirties, be of graduate* calibre and have a formal accountancy qualification. You will have had experience of modern computer based MIS and broader management roles within medium sized companies

Above all you will be energetic, have very good people skills and be ambitious for that next step towards top general management. An *inquisitive nature and robust personality* are essential.

If you would like to apply, please write enclosing a copy of your c.v. and quoting ref: 4234 to Dr Dick Penfold,
P-E Inbucon,
34 Grosvenor Gardens,
London SW1W 0DH.

P-E Inbucon
Search & Selection

Group Financial Controller

Up to £45k plus bonus and car
Mid Wales

Laura Ashley is known as a high quality and creative retailer. We have an established reputation as world leader in the design, manufacture and retail of garments and soft furnishings. Over the last few years exciting developments have happened both in the UK and our international markets, including Continental Europe, USA, Japan and Australia.

Our strategy for global expansion is progressive and, as a key finance professional your role will be central. You'll lead an experienced team who are responsible for Group accounts, performance analysis, tax compliance and budgeting. And you will work closely with Divisional Directors to define and implement financial policies in anticipation of future business needs.

Currently a Financial Controller, you must be a qualified accountant with strong management skills and, above all, an outstanding record of achievement in a multi-national environment. The potential and ambition to develop further within the Company is essential.

Located in the beautiful countryside of Mid Wales, we can offer you the above mentioned salary together with a bonus scheme, company car, share options, contributory pension scheme, BUPA, 5 weeks holiday and relocation assistance where appropriate.

If you can match our commitment to excellence, please send a full CV to Ann Bishop, Deloitte Haskins & Sells, Management Consultancy Division, PO Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL quoting reference number 5089/FT on both envelope and letter.

Hoggett Bowers

Executive Search and Selection Consultants
BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR
A MEMBER OF BLUE ARROW PLC

Group Financial Controller

Warwickshire, £25,000 - £30,000, Car, Bonus

This quoted UK plc is in a particularly exciting phase, engaged in expanding profitably established markets for its light engineering and specialised packaging products and acquiring further companies that meet strategic diversification plans. Turnover is currently c£40 million. Reporting to and assisting the Financial Director, the successful candidate will ensure that treasury, management and financial accounting systems, subsidiary reporting and controls meet demanding Group standards. Candidates should be Chartered Accountants preferably in the age range 27-35 years, with sound technical knowledge and commercial acumen gained from industrial finance roles. Personal qualities required include the natural authority to gain and keep the respect of finance and senior line managers and the drive, objectivity and dedication to achieve results. Salary offered will vary with the expected contribution of the selected candidate but above average remuneration can be expected for above average performance. Generous relocation and first class other benefits are available.
I.L. Duff, **Hoggett Bowers plc,** *1/2 Hanover Street,*
LONDON, *W1R 9WB,* **01-734 6852.** *Ref: H14030/FT.*

Chartered Accountant

For Acquisition & Business Research
West Yorkshire, £22,000, Car

This is an exceptional opportunity for a young Chartered Accountant to move into industry. Our Client, turnover £100 million and expanding, is a broad based engineering manufacturing plc with locations in the UK and overseas. Entrepreneurially led, the Group is intent on expansion and dominance in current markets and on exploiting its management expertise in new areas. Working at board level you will evaluate opportunities across broad areas of industry and investigate specific business opportunities. Ideal candidates with a minimum of two years wide ranging post qualification experience will show flexibility, independence, presentation skills, diplomacy and commercial acumen and be worthy of promotion to a line position in due course.
V.C. Archer, **Hoggett Bowers plc,** *Bank House, 100 Queen Street,*
SHEFFIELD, *S1 2DW,* **0742-731241.** *Ref: S16010/FT.*

Management Accountant

Tyne & Wear, To £18,000

This autonomous division of a substantial, successful UK Group manufactures superior quality capital equipment supplied to both home and international markets. *With turnover approaching £12 million, the manufacturing plant is* poised for further growth and the requirement is for a first class accountant to financially manage the activities of the site, utilising sophisticated mainframe and PC facilities. This incorporates the monthly preparation, presentation and interpretation of management account reports, the monitoring of working capital and costing information, the submission of annual budgets and the continued development of the fully computerised accounting system. Candidates, probably aged under 30 and preferably qualified, will be high calibre, industrially based accountants with extensive experience in the field of computer based accountancy techniques. Prospects within this progressive Group are excellent.
K.H. Thompson, **Hoggett Bowers plc,** *4 Mosley Street,*
NEWCASTLE-UPON-TYNE, *NE1 1DE,* **091-232 7455.** *Ref: N13051/FT.*

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

GROUP FINANCIAL CONTROLLER

A leading South East PLC, established as a market leader in the expanding residential development market, with estimated turnover for 1988 in excess of £100m, has an opportunity for a young dynamic Financial Controller to join its senior management team.

Reporting to the Group Managing Director and based in West Surrey, you will have prime responsibility for managing the financial success of the Group and its associated Regional Companies which operate throughout South East England. A qualified Chartered Accountant, it is likely that you are currently established as a Financial Controller or Chief Accountant within an organisation where you have full responsibility for Financial and Management Accounting. You are a strong leader, able to influence colleagues at senior level, have established man mangement skills and have the enthusiasm required to succeed in a go ahead environment.

We are an organisation prepared to offer the right rewards to first rate candidates and therefore, an attractive salary and benefits package is negotiable for the successful candidate.

Apply with full C.V. to Box A0786,
Financial Times, 10 Cannon Street, London EC4P 4BY

FINANCIAL CONTROLLER

ADVERTISING

Central London

to £27,000+Car+Benefits

Our client is a young, highly creative and autonomous advertising agency which operates worldwide.

Future acquisitions coupled with an ever increasing base of international accounts has created the need to appoint a Controller of Finance.

Reporting directly to the Managing Director, reponsibilities will include control of all financial activity and supervision of the Financial Department. Other prime areas are the development of computerised accounting systems, working with complex foreign currency transactions and involvement in new business activity.

The successful candidate, a qualified accountant aged 26 upwards, will be able to demonstrate outstanding technical and management ability with the drive and determination to succeed within this thriving and demanding environment.

*To discuss this position in greater detail, please contact **Michael Herst** or **John Rose** on 01-629 4463 (01-506 1558/01-444 6012 evenings and weekends) or write enclosing a full curriculum vitae quoting reference: JR 357.*

HARRISON WILLIS

FINANCIAL RECRUITMENT CONSULTANTS

Cardinal House, 39-40 Albemarle St., London W1X 3FD. Tel: 01-629 4463.

Finance Director

Red Funnel Group

Southampton — *c.£30,000+car & excellent benefits*

Red Funnel is a successful public quoted company, best known as the ferry operator to the Isle of Wight. Group activities also include ship towage, road haulage and engineering. Turnover exceeds £10m.

The Finance Director will play a major role in the management of the Group. Reporting to the Managing Director, he will plan and implement financial strategies to improve and develop the business, and will take full responsibility for finance, accounting, secretarial and administrative functions.

The person appointed will be a Qualified Accountant, probably Chartered and aged at least 35, who has helped determine and manage financial strategy in a substantial, well-run business, preferably in the services sector.

Benefits include a company car, pension and medical insurance; a performance related bonus scheme is under consideration.

The New Forest and other congenial areas of Hampshire are within easy commuting distance.

Please reply to Barbara Robertson in strict confidence with details of age, career and salary progression, education and qualifications, quoting reference 5081/FT on both envelope and letter.

Deloitte Haskins+Sells

Management Consultancy Division

P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

YOUNG ACCOUNTANTS MOVE AHEAD

North West London — Excellent Salary

Our client is a large subsidiary of a prestigious multi-national company currently consolidating several Head Office locations into a purpose built centre, this, combined with their own expansion programme, means they are looking for Accountants.

You will have CIMA or ACCA and between 1-3 years commercial experience or just the determination and ambition to succeed in this exciting environment.

As either a PROFIT AND LOSS or BALANCE SHEET ACCOUNTANT, you will require attention to detail to produce up to the minute information and the ability to work as part of a team.

As an ACCOUNTANT within the SALES AND MARKETING area, you will already have an all round business understanding and the personality and communication skills to liaise at all levels.

Career progression opportunities are excellent within this large forward looking company. The benefits packages and salaries are very competitive and some positions carry a fully expensed company car.

All interviews will be held with the client company but in the first instance please telephone Alison Harris on

01-405 9126

PLANNED PRE·SELECTION SERVICES

51-53 GRAY'S INN ROAD, LONDON WC1X 8PP

Financial Controller

West of London

£25-30,000 + car

Our client is part of a major internationally-known Japanese manufacturing group, distributing and servicing their wide range of products throughout the UK. Turnover is growing strongly and approaching £20 million.

They now require an able Financial Controller to be responsible to the Managing Director for all financial, company secretarial and general administrative aspects of the business.

You will be a Qualified Accountant, aged around 27-40, with at least 3 years' experience in commerce, ideally with some involvement in importing/distribution. Other important areas of experience they are seeking are computer-based systems and financial appraisals.

This exciting opportunity will appeal to someone who is keen to contribute to the prosperity of an ambitious and fast growing company as a key member of its small senior management team. An attractive remuneration package will be offered and there are excellent career prospects.

Please send concise details, including current salary and daytime telephone number, quoting reference S9222, to WS Gilliland, Executive Selection Division, Grant Thornton Management Consultants Limited, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.

Grant Thornton

Management Consultants

OFFICIAL SPONSOR OF THE 1988 BRITISH OLYMPIC TEAM

Assistant Financial Controller

c £23,000

The City

State Street London Limited is a wholly owned subsidiary of State Street Bank and Trust Corporation of Boston, one of the world leaders in International Securities Services.

As part of the European Division, the company provides custodial settlement and full portfolio accounting services to institutional investors worldwide. The London operation is growing rapidly as demand for our services increases due to the diversification of funds in international markets, and is now poised for further growth.

We wish to appoint an individual who will be accountable for the day-to-day financial control of the London office. Additionally, you will be expected to play a contributory role to our European Area Division.

Reporting to the Financial Controller, European Area, the successful candidate will be a recently qualified accountant who is able to manage a small team of support staff and who should be able to contribute to the development and implementation of new financial systems.

The company offers a first class salary and benefits package. To apply please forward your Curriculum Vitae and introductory letter to: Chris Mossop, Manager, Personnel & Administration, European Area, State Street London Limited, 5th Floor, Lloyds Chambers, 1 Portsoken Street, London E1 8DF. Telephone: 01-480 7388.

State Street

Chief Accountant

Consumer Finance — Nottingham

c.£18,000 p.a. + car + excellent benefits

RIGP Finance is a division of Lloyds Bowmaker, the financial services subsidiary of Lloyds Bank plc. RIGP's business is consumer finance, traditionally for motor cycles but increasingly for a wide range of consumer durables and household goods.

RIGP's head office is based in Nottingham and we are looking for a Chief Accountant. Reporting to the Finance Director, the Chief Accountant is responsible for the production of accounts and the management of the Accounts Department of around 20 employees. The division has some exciting business plans and the job holder will play a key role in the development of these.

Applicants should be qualified accountants, probably aged late 20's to mid 30's with an excellent work record, preferably but not essentially in consumer finance. They should have experience in the management of people, commercial awareness, a desire to innovate and the resilience to work effectively under pressure.

This is an excellent career opportunity with a major Financial Services group in an expanding market sector.

Salary is negotiable for the right person and benefits include a car, private health insurance, subsidised mortgage and profit sharing bonus. Relocation assistance will be provided if necessary.

Applicants should telephone for an application form or send in full CV including salary details to: John Lockett, Group Management Development & Training Manager, Lloyds Bowmaker, 9-13 Grosvenor Street, London W1X 9FB. Tel: 01-491 3236 ext. 284.

Lloyds Bowmaker

Assistant Budget and Management Accountant

At Corporate Headquarters

London EC1 — up to £18,000

There is a high profile position for a part qualified *accountant within Corporate Headquarters, a multi-*million pound organisation at the leading edge of British Telecom's commercial revolution.

Responding to a wide ranging brief, you will be responsible for providing headquarters management accounting reports including the monthly departmental figures and regular reviews with the Group MD. Among other duties will be the investigation of, and briefing to senior management on budget variances and forecasting errors and the evaluation of capital expenditure project proposals for Headquarters.

Candidates will need to be part qualified accountants, preferably with experience of SBCs and spreadsheets and a knowledge of data-base management.

Well developed interpersonal and written skills, together with the ability to work under pressure are essential. Starting salary, inclusive of London Allowance, is up to £18,000 depending on experience and qualifications.

For further information call Andrew Bird on 01-356 5461. *To apply, please write with full CV to:* Ann Hulbert, British Telecom Management Recruitment Centre, 3rd Floor, Haddon House, 2-4 Fitzroy Street, London W1P 5AD.

British Telecom is an equal opportunity employer. Applications are welcome from all suitably qualified individuals irrespective of sex, racial origin or disability.

British TELECOM

Financial Controller

(Director Designate) Office Furnishing

London — c£23,000 plus car

This highly successful office furnishing and design company with offices in South London and the City will be altering its gearing over the next three years with a view to a Market listing. They need to appoint a potential Finance Director to assist with their development plans.

Reporting to the Chairman and Managing Director, the successful candidate will be responsible for the timely production of all Statutory and computerised Management Accounting requirements, Treasury Management and Company Secretarial matters.

Applications are invited from suitably qualified Accountants, aged between 28 and 32 who can *demonstrate flexibility, commercial flair with excellent and assertive communication skills.* Experience of working for small to medium sized service companies would be an advantage.

For candidates with Board aspirations who meet the above criteria, an attractive remuneration package is available which will include an executive car, a non-contributory pension scheme, private health and a *bonus scheme.*

Interested candidates should send a comprehensive curriculum vitae, giving details of current salary and a daytime telephone number, quoting ref: LM661, to Andrew Sales FCCA, at Spicer and Pegler Associates, Executive Selection, 13 Bruton Street, London W1X 7AH.

Spicer and Pegler Associates

Executive Selection

REGIONAL ACCOUNTANT

Charles Church the quality housebuilder has opportunities for newly qualified Chartered Accountants to join Regional management teams based at offices in Chesham Bois, Bucks and Reigate, Surrey.

Reporting to the Regional Managing Director, you will provide a full Management and Financial Accounts service to these developing Regions. In addition to your professional skills, you should be hardworking, enthusiastic and able to liaise with staff at all levels.

In addition to an attractive salary (negotiable), we offer a highly competitive benefits package.

Apply with CV to Miss H M A Bohan, Group Personnel Manager, Charles Church Developments PLC, Charles Church House, Knoll Road, Camberley, Surrey GU15 3TQ

FINANCIAL CONTROLLER

C £21,000 + BENEFITS PACKAGE

The Company is a young, ambitious and rapidly expanding timber and builders merchant with turnover approaching £10 million. Our head office is in Rickmansworth. Reporting to the Managing Director the successful applicant will be responsible for the total accounting function and management information. The ideal candidate will be a qualified chartered accountant aged 25-30 years, commercially orientated with previous experience of computer applications. The remuneration package will include a fully expensed car, private medical insurance, non-contributory pension and participation in the bonus scheme.

Please write full C.V. to: The Managing Director, Davilliam Products Ltd, Church Wharf, Church Street, Rickmansworth, Herts. WD3 1JB

At thirty, you may believe you're making excellent progress.

Unilever's strength and consistent profitability are derived largely from the manufacture and successful marketing of consumer goods such as washing powders, margarine, toiletries and frozen and other foods, and from the geographical spread of the businesses. Other important but perhaps less well known activities include speciality chemicals and agribusiness operations. Active in some 75 countries and with manufacturing facilities in most of them, we employ some 300,000 people. This international business is managed through a structure of many separate companies, each with their own profit-responsible board of directors and management team.

It is by using the group's diversity that we create tomorrow's leaders; providing early responsibility and developing skills through a series of increasingly demanding appointments. We are now seeking a small number of high calibre commercial executives with the potential to follow such a path; one which can lead directly to an operating company board-level appointment by your mid-thirties.

Aged around thirty, you will already be a successful commercial manager; an accountant with a good degree, significant management accounting experience and a background of comprehensive development and achievement within a large professionally managed organisation. Most important, you will possess the personal qualities necessary to rise to the challenges of a senior appointment.

The terms of these appointments are excellent and include a starting salary up to £30,000 plus an executive car and other usual large company benefits. Initial appointments are in a variety of locations, some in and around London, and appropriate relocation arrangements will be available where necessary.

If your experience and potential are equal to the long-term opportunities we have to offer, then please submit a full CV to John Robins, quoting reference JR 848, at Coopers & Lybrand Executive Selection Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

C&L

But check that against our commercial opportunities.

Unilever

Corporate Treasury

The London Headquarters of the RTZ Corporation PLC is seeking to recruit an Analyst to join their Treasury department which plays a central role in the funding of sub-groups and development of financing strategy. The scope and activities of the department has expanded considerably over the past year.

The position reports to the Assistant Treasurer and duties will specifically encompass short term funding operations, particularly the financing of the group in the UK and certain overseas operations, the improvement of centralised cash management systems and the development of computer based treasury reporting and procedures. Other areas of involvement will include risk management and foreign exchange and the conduct of banking relationships.

Candidates, male or female, are likely to be graduates aged up to 30 with an accounting or related professional qualification and at least two years' relevant experience. Depending on background and experience, they should be prepared to study for the examinations of the Association of Corporate Treasurers.

RTZ LIMITED | RTZ GROUP

If you wish to apply, please write, enclosing your CV stating current and expected salary to:- Mr Paul Tebbutt, Senior Personnel Officer, RTZ Limited, 6 St James's Square, London SW1Y 4LD. Tel: 01-930 2399.

EVANS OF LEEDS PLC
PROPERTY INVESTMENT GROUP
FINANCIAL DIRECTOR (DESIGNATE)
EXCELLENT SALARY + CAR

We are a well established, highly respected, profitable and acquisitive organisation and require an experienced executive with considerable business acumen to become part of a small but active Group Management Team.

We require a professionally qualified person already holding an appropriately responsible position who has a maturity of outlook and a high degree of commitment. Versatility of thought and approach is desirable.

Enjoyment in the fulfilment of objectives will be enhanced by the benefit provisions of a major Public Company.

Reply in confidence with full C.V. to Mr E. L. Curtis, Group Financial Director, Evans of Leeds PLC, Millshaw, King Road, Beeston, Leeds, LS11 8EG

GROUP FINANCIAL ACCOUNTANT

London W1 **C. £22,000 + Benefits**

Our client is a long established property group which is moving through a period of rapid expansion and restructuring following a recent change in ownership. With expansion set to continue and the likelihood of a public flotation later this year the group is seeking to strengthen its financial management team by recruiting a Chartered Accountant, with recent commercial or auditing experience of property companies, to be responsible for a wide range of financial, accounting, statutory and taxation matters.

The ideal candidate will be ambitious, self-motivated and will have an ability to communicate at all levels. A good working knowledge of computerised accounting systems would be required.

Please apply in confidence with CV and daytime telephone number to:

Neil Summer, Gerald Edelman, 25 Harley Street, London W1N 2BR.

APPOINTMENTS ADVERTISING

For Further Information Call 01-248 8000

Tessa Taylor ext. 3351
Deirdre Venables ext. 4177
Patrick Williams ext. 3694
Elizabeth Rowan ext. 3456
Paul Maravigna ext. 4676

Assistant Financial Accountant

circa £20,000

Our clients are a major reinsurance company based in the City.

They are presently seeking a recently qualified accountant to join their Financial Accounts department.

You will report to the Financial Accountant and be responsible for the two section leaders of the department. Your principal duties will be the control of the statutory accounts, management reporting, the supervision of VAT and DTI returns and the preparation of taxation computations.

Ideally, you will have at least one year post qualifying experience (ACA/ACCA) and have gained experience of supervising staff. Exposure to the financial services sector would also be advantageous.

A competitive salary, dependent on experience, will be offered along with £1.50 per day Luncheon Vouchers, 27 days annual leave, free life assurance, non-contributory pension scheme, free BUPA and a mortgage subsidy scheme.

Applications with a full CV, including daytime telephone number and present salary, should be sent quoting Ref LMC 772, to the address below by the closing date of 29 January 1988. Please list separately any companies to whom you do not wish your CV to be forwarded.

ROBERT MARSHALL ADVERTISING LIMITED
44 Wellington Street, London WC2E 7DJ.

Financial Director

c £25,000 + substantial equity option + car + bonus — Manchester

The company is privately owned, has impressive growth, and turnover in excess of £20 million. The core business is the design, sourcing and distribution of quality home textile products, achieved through company brand names and own label business for the major high street store groups and mail order houses. The well developed product range is designed and targeted at the growth area of fashion in home textiles.

Working closely with the Managing Director and the Sales and Marketing Director, you will have the opportunity of developing management information and forecasting systems, influencing cost and pricing decisions, determining the future structure and strategy of the company, and leading it to the USM. You will provide financial and computer support, inventory management, and a range of administrative functions managing a department of 15+ people.

Probably aged 35-45, you will be qualified, with at least 5 years' experience in financial and cost management, ideally in a divisional or site role. You should be familiar with manufacturing and/or distributive business management, demonstrating a successful track record in the control of people, materials and assets.

In addition to an attractive salary, there will be a very substantial equity option package offered, plus car, bonus, and full executive benefits, including relocation assistance if appropriate.

Please write with full career details to Chris Brooks, ref. B.14079.

MSL International (UK) Ltd, Sovereign House, 12-18 Queen Street, Manchester M2 5HS.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International

Finance Director Designate

c £20,000 plus car and bonus — West London

Our client is a long-established medium-sized group of building contractors. They specialise in high quality work for leading property companies and other commercial and private customers.

A qualified accountant is required to lead a small team and to take full responsibility for accountancy, administration (including personnel and computerised systems), and all financial and legal matters, reporting to the Managing Director. He or she will be a member of the senior management team, fully involved in liaison with customers and decision-taking to ensure the continued expansion of the group. Candidates must have strong commercial drive, leadership and commitment to the practice of Christian ethics in business.

There are excellent prospects for promotion to the Board and equity participation.

Please apply to: Sir Timothy Hoare, Career Plan Ltd, 33 John's Mews, London, WC1N 2NS. Tel: 01-242 5775.

Career plan LIMITED
Personnel Consultants

FINANCIAL CONTROLLER

Director Designate

London **From £30,000 + CAR**

The Talisman Group of companies is made up of a number of highly successful specialist recruitment consultancies and an advertising agency, which are active throughout a range of markets spanning finance to high technology.

With a young team of highly motivated professionals we have experienced exceptional growth in turnover and profitability over the last 5 years and are in a period of development that should realistically bring us to market within eighteen months.

This then, is a rare opportunity to take full financial control of a company during one of its most crucial and rewarding phases of development. Your contribution to both the board and management will be vital and you will have a free hand in putting into place your own solutions to a wide range of financial challenges.

Very much an entrepreneur, you will be required to become involved in many commercial and financial aspects of our business. Accordingly you will need the solid professional foundation of at least 5 years post qualification experience that may well have touched upon areas such as flotations, acquisitions, and tax planning.

One of your early objectives will be the full computerisation of our accounting procedures, so experience of this field is essential. However, no less important is the ability to manage a small team running day to day operations and when necessary, roll up your sleeves to tackle the fine detail of problems where and when they arise.

The salary will be not less than £30,000 (plus car, plus bonus) and for the right person this is fully negotiable. You should anticipate a board appointment and equity participation within 12 months.

As a first step, please write in confidence to: Neil Hadfield, Talisman Group, 103A Oxford Street, London W1R 1TF.

Talisman
GROUP OF COMPANIES

GENERAL MANAGER (FINANCE)

£30k - £35k, plus mortgage, car, pension **East Midlands**

An exciting opportunity has arisen for a qualified Chartered Accountant to control sophisticated systems and financial activities in a successful and progressive building society.

Our client is taking advantage of many opportunities presented by recent legislation and is looking for a highly-motivated person to have responsibility for financial and management accounting systems and policies.

Applications are invited from Chartered Accountants who have had at least four years of relevant responsibility at management level in a multi-site industrial, commercial or financial services environment. A record of creating and implementing computerised financial control and management information systems is essential. Age guide is early to late 30's.

The salary is negotiable within the specified range. Additional earnings may be derived from a profit sharing scheme. Fringe benefits include a special mortgage concession, pension and health care schemes and an executive car. Relocation costs will be paid, as necessary.

Please write with your full curriculum vitae to Michael S. Davies or telephone him on 01-405 4571. All applications will be treated in strict confidence.

A M S
Applied Management Sciences Limited
17 Jockey's Fields, Bedford Row, London WC1R 4BW
Tel: 01-405 4571

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday January 14 1988

Apple and Digital in software challenge

By Louise Kehoe in San Francisco

APPLE COMPUTER and Digital Equipment (DEC) are expected to announce at a meeting in San Francisco tomorrow a technology pact to develop products that would link their personal and minicomputers.

This would present a big challenge to IBM, which is the strongest rival to both Apple, in personal computers, and DEC, in the minicomputer sector.

Apple and DEC have long been complementing each other on their respective progress. If, as is widely rumoured in the computer industry, the companies' chief executives announce an alliance, the combination would test IBM's dominant position in the office computer market.

While details remain sketchy, with neither company prepared to comment, it is expected that Apple and DEC will develop software which enables their products to communicate on local area networks, sharing data and files.

Piaggio plans 4-wheel launch

By David Lane in Milan

PIAGGIO, the Genoa-based group best-known for its Vespa motor scooter, is embarking on a major diversification programme. It will be launching a four-wheeled vehicle at the beginning of next year.

The "quadriciclo a motore" is the result of new legislation which allows the sale of four-wheeled vehicles using design and test norms applied to motorcycles.

The company said that the target market is that to which it now sells its three-wheeled vans.

AMERICAN HOME PRODUCTS RAISES OFFER FOR DRUGS GROUP TO $700M

Sanofi 'to stay in Robins auction'

BY JAMES BUCHAN IN NEW YORK

SANOFI, the ambitious French pharmaceuticals group which is seeking control of A.H. Robins for an investment of $600m, vowed yesterday that it would stay in the bidding for the bankrupt US drugs group in the face of an improved offer from American Home Products.

"As we said, we're going to fight and win," the 15-year-old company, whose offer has been accepted by the Robins board, said in New York yesterday.

American Home, the largest and best-capitalised of the three groups bidding for Robins, turned up the pitch of the auction on Tuesday by improving its all-share offer for Robins by about $100m to the equivalent of $29 a share or $700m.

The group also offered sharply better terms to the 200,000 women seeking $2.48bn in compensation for injury by Robins' Dalkon Shield contraceptive device.

The American Home offer, which was immediately endorsed by Robins' non-family shareholders, crystallises a struggle between family and non-family stockholders over the future of Robins. The Sanofi plan, accepted by the Robins board, does not involve outright sale of the company and family management could stay in place for five years or longer.

Rorer, the third bidder, whose all-share offer is worth about $27.50 a share, said yesterday it was "evaluating its options."

"It's more and it's more assured," said Mr Wilbur Ross, the investment banker advising the outside shareholders. "We're protected against market risk."

American Home, which reported pre-tax income of $964.8m on revenues of $3.81bn in the nine months to September, also offered to finance a trust fund for the women with an immediate cash payment of $2.15bn or $2.48bn spread over six years.

The Dalkon Shield payments are tax deductible, but analysts believe that only American Home of the three bidders has large enough taxable income to cover an immediate payment of over $2bn.

Lawyers for the women, however, said yesterday that they continued to object to any settlement that satisfied stockholders before claimants or was less than the $2.48bn fixed by the bankruptcy court.

Roche pledges to help SEC insider inquiry

F. HOFFMANN-LA ROCHE, the Swiss pharmaceutical group, pledged yesterday that it would co-operate in the US-requested inquiry into possible insider stock trading before the company's $4.2bn bid to take over Sterling Drug, AP-DJ reports.

The Basle-based company made the comment after the Swiss authorities revealed that the US Securities & Exchange Commission (SEC) had asked for Swiss help in gathering evidence in the case.

The Justice Ministry said the request, invoking a 1982 convention drawn up by the Swiss Bankers Association, was received on Monday. The ministry said it seemed to have preceded Sterling Drug's lawsuit filed on Monday in Delaware against the company for allegedly breaking US disclosure and insider trading laws.

The request, which is understood to list four banks or companies in Basle as possibly involved, was relayed to the association which, under the 1982 convention has set up a special independent commission to deal with such cases.

Nedlloyd defends restructuring plans

BY LAURA RAUN IN AMSTERDAM

NEDLLOYD, the Dutch shipping and transport group, reaffirmed yesterday plans to implement a drastic corporate restructuring and rebuffed Norwegian shareholders opposing the proposals.

Mr Henk Rootliep, deputy chairman of Nedlloyd, told a hastily arranged press conference that the planned Fl 1bn writedown of assets and Fl 175m issue of preferred shares are in the best interests of the company and shareholders.

The press conference, the second in a week, was called to defend Nedlloyd's restructuring plans against counter-proposals by Mr Torstein Hagen, who heads a group of Norwegian investors holding 5.1 per cent of Nedlloyd.

Behind yesterday's terse statements from Nedlloyd is the possibility that the Norwegian investors' group, known as Marine Investments, would launch a takeover bid.

Earlier yesterday Mr Hagen said that he was not trying to take control of Nedlloyd but he refused to rule out further purchases. Marine Investments has options to buy another 4.8 per cent of Nedlloyd.

"We are exchanging views with those shareholders that we know," in an effort to mobilise opposition to Nedlloyd's restructuring plans, Mr Hagen said. The former head of Norway's Bergen Line and Royal Viking Line is considered a turnround specialist in the shipping world.

Mr Hagen argues that the planned writedown of Nedlloyd's shipping fleet and oil wells is unjustified in light of potential earnings.

Last month Nedlloyd announced plans to devalue drastically its shipping and drilling assets – producing a Fl 990m loss for 1987 – due to the continuing slump in the shipping market and the plunging dollar. In an effort to strengthen its balance-sheet Nedlloyd also wants to issue cumulative preferred shares to friendly institutional investors.

Mr Hagen is known to be contacting Nedlloyd shareholders in an effort to get proxy rights to represent them at an extraordinary meeting on January 25 when approval for the preferred shares will be sought.

O&Y opposes Santa Fe rights proposal

BY DAVID OWEN IN TORONTO

OLYMPIA & YORK, the Canadian property and resources group, is opposing amendments to a preferred stock purchase rights plan proposed by Santa Fe Southern Pacific.

The amendments reduce from 50 per cent to 20 per cent the ownership trigger for the plan's so-called "flip-in" feature – an anti-takeover provision – to take effect. As a result, if a person or group acquires 20 per cent or more of Santa Fe common stock, other rightholders would be entitled, under certain circumstances, to purchase additional stock.

In a January 11 letter to the Chicago-based company, Mr Marshall Cohen, O&Y vice-president, called the amendments "a denial of shareholder rights," adding: "There is no justification, legal or otherwise, for these unilateral actions by the directors of the company."

If the "flip-in" is triggered, shareholders of more than 20 per cent of the company's stock would experience "a substantial financial and voting dilution," Mr Cohen maintained.

E-II Holdings hit by $147m loss on securities portfolio

BY RODERICK ORAM IN NEW YORK

E-II HOLDINGS, the consumer products and food group hungry for acquisitions, has suffered a big third-quarter deficit, largely because of an unrealised $147.5m loss on its securities portfolio. Many of the shares were believed to be in takeover candidates.

The Chicago-based company's main target is American Brands, in which it has built up a 4.74 per cent stake. Mr Donald Kelly, E-II's chairman, yesterday met Mr William Alley, his counterpart, to discuss ways to improve American Brand's value to its shareholders.

The prospect of an E-II bid has driven shares of American Brands, a tobacco, drinks, food and financial services group, sharply up, since late last year. E-II said yesterday that the unrealised stock losses, reflecting chaotic market conditions in October, had subsequently fallen to $59.9m.

For the three months ended November 30, E-II reported a net loss of $131.9m or $2.13 a share on sales of $463.9m, compared with a net profit of $8.8m or 13 cents on sales of $415.1m in the year-ago period.

The nine-month net loss was $170m or $2.33 a share on sales of $1.22bn, against a net profit of $11.4m or 17 cents on $1.1bn a year earlier. A further negative factor was a rise in interest expense to $50.9m in the latest quarter from $24.1m a year earlier, following the issue in July of $1.5bn of subordinated long term-debt to help finance takeovers.

Following Mr Kelly's highly profitable break-up of Esmark and Beatrice, two food and consumer product groups, the market initially responded eagerly to last year's issue of E-II stock. But lack of a big takeover to date has dampened enthusiasm for it.

Takeovers aside, the group reported higher operating earnings from its consumer products and food businesses. They rose 14 per cent to $51.7m in the third quarter from a year earlier and 11 per cent to $96.8m in the nine months.

Intel jumps 51% as new products aid turnround

BY OUR SAN FRANCISCO CORRESPONDENT

INTEL, the US semiconductor manufacturer, ended 1987 with another record-breaking quarter to produce a 51 per cent increase in net income for the year, to $248m or $1.38 per share, compared with a net loss of $173m or 99 cents in 1986.

The company, which is the leading supplier of microprocessors to the personal computer industry, reported revenues of $1.91bn for the year ended December 26.

Included in 1987 net income is a $73m, or 40 cents per share, extraordinary credit for tax-loss carry-forwards. Earnings per share were restated to reflect a three-for-two stock split in September.

Fourth-quarter revenues of $572m increased 61 per cent from $356m for the comparable 1986 period. Net income for the quarter was $96m or 55 cents per share, against a net loss of $16m or 9 cents for the final quarter of 1986.

Dr Andrew S. Grove, president and chief executive, said: "1987 showed a gratifying recovery for Intel. Our new products pulled us out of the industry recession and enabled us to do well in the market."

●Lotus Development, the West Coast software group, is introducing Modern Jazz, an integrated business software package for Apple's Macintosh personal computers. Modern Jazz will be marketed this quarter and priced at $395.

Texaco attacks Icahn over lawsuit

By Our New York Staff

TEXACO, the embattled US oil group which is struggling to emerge from the bankruptcy courts, has turned on Mr Carl Icahn, its main shareholder, warning him that he may sabotage the company's reorganisation in a "quest for short-term gains".

In a long and testy letter published late on Tuesday, Mr James Kinnear, Texaco's chief executive, rejected as "frivolous" a suit filed by Mr Icahn on Tuesday which seeks to dissolve a so-called "secret agreement" between Texaco and Pennzoil, its main creditor.

Pennzoil, which is to receive $3bn from Texaco to settle a long-running legal dispute over the ownership of Getty Oil, last month signed an agreement which binds it to support their joint plan to reorganise Texaco and lead it out of bankruptcy.

Mr Icahn, a New York-based takeover specialist believed to own 12.3 per cent of Texaco, wants the support of Pennzoil for his own plan to reorganise Texaco.

Pan Am warns of higher losses

By Our New York Staff

PAN AM, the US airline struggling to piece together a survival strategy, won wage concessions from three of its five unions but said 1987 losses "will be significantly in excess" of external estimates. Wall Street has been forecasting losses of $70m to $90m.

The higher deficit is attributed to losses on yen-denominated loans, lost revenues because of a Mexican ground crew strike and rising fuel prices.

INTL. COMPANIES & FINANCE

Jump in premium income boosts Australian insurer

BY CHRIS SHERWELL IN SYDNEY

THE AUSTRALIAN Mutual Provident Society (AMP), the *country's largest and most* powerful insurance group, yesterday announced a doubling of income from new premiums and superannuation *contributions.*

But its announcement, a preliminary report on the group in 1987, said nothing about losses it sustained following the October share market plunge.

As one of Australia's largest *and most influential* institutional investors, AMP is believed to have suffered paper losses running to billions of *Australian dollars in the collapse.*

Mr Ian Stanwell, AMP's managing director, said yesterday that the group would be more flexible in its investments in 1988, and more cautious about the Australian share market. He did not *foresee a recession.*

Painting a healthy picture regarding the group's 1987 income, the statement said new life insurance income had jumped 105 per cent to A$2.67bn (US$1.89bn).

The increase compares with a 61 per cent increase to A$1.3bn reported a year ago, shortly after Mr Stanwell took over his position, and a 16 *per cent rise* in 1985.

Whether the result underscores AMP's ascendancy over National Mutual, its rival, remains to be seen. National Mutual has long been battling to draw level with AMP, but has yet to report its 1987 figures.

A breakdown of AMP's Australian figures showed new *individual life insurance single* premiums increased 90 per cent, to A$1.2bn, of which A$720m was for insurance bonds.

Other new annual premiums amounted to A$543m, a rise of 68 per cent. This included A$371m for group superannuation and A$68m for personal superannuation plans.

Mr Stanwell said the continuing community *interest in* superannuation and retirement planning was a "special feature" of the year.

In addition, substantial contributions were made by individuals to various investment products, including more than *A$100m invested in AMP's* newly established unit trusts.

Puma sets DM10m limit on US losses

By Andrew Fisher in Frankfurt

PUMA, THE West German sports shoe and clothing company, expects to reduce losses sharply in the US market this year to well under DM10m ($6.1m) after losing more than DM100m there in 1986 and 1987, Mr Hans Woitschaetzke, the new chairman, said.

The company has already stated its hope of breaking even on its overall business this year after losing about *DM35m* in 1987 and DM40m the previous year.

In 1985, the year before it issued preference shares to the public, it made a net profit of DM19m.

Mr Woitschaetzke, previously involved in the ski industry, said Puma hoped to raise its US turnover this year to about $150m, from $100m in 1987.

The increase would mostly come from improved, more upmarket products rather than higher volume, he said. Shoes account for some 60 per cent of sales, with the remainder provided by textiles and other equipment.

A year ago Puma revealed the full extent of its problems in the US, having failed to adapt quickly enough to new trends ushered in by Reebok, its competitor, which introduced fashion-oriented shoes appealing particularly to women.

Mr Woitschaetzke, who became chairman last November, said Puma had spent nearly DM100m in the last two years to purchase its stocks and distribution rights in the US.

In 1986, Puma, controlled by the brothers Mr Armin and Mr Gerd Dassler, made a loss of DM75m in the US, which was partly offset by profits elsewhere. Mr Woitschaetzke said the provisional loss figure of DM35m for 1987 announced last month related basically to the US.

Gencor mines lift gold output

BY JIM JONES IN JOHANNESBURG

GOLD MINES managed by Gencor recovered rapidly from a three-week strike in August and lifted gold production and profits appreciably in the December quarter.

The group increased mill throughput to 5.08m tonnes, from 4.84m tonnes in the September quarter, and lifted gold production to 25,379kg from 23,006kg.

Rand-denominated gold prices were little different between the September and December quarter and, as a result, higher operating costs led to lower operating profits at some mines.

Buffelsfontein, the largest Gencor gold mine, discontinued surface sorting and, as a result, suffered grade and gold production drops.

Ore reserve difficulties necessitated the milling of low-grade *surface dump material.* This, too, was required at neighbouring Stilfontein.

Winkelhaak and Kinross, the two mines worst affected by the strike, restored production, although not to immediate pre-strike levels.

Leslie and Bracken both maintained their recovery grades unchanged, although at low levels. Bracken's life expectancy is not more than four years, while Leslie's life depends on higher gold prices, which allow sub-marginal ore to be mined profitably.

GENCOR GOLD QUARTERLIES

	Gold produced (kg)		After-tax profit (Rm)		Earnings per share (cents)	
	Dec 87	Sep 87	Dec 87	Sep 87	Dec 87	Sep 87
Beatrix	3,180	3,073	18.29	16.77	n/a	n/a
Buffels	4,100	4,308	32.06	16.92	205.6	113.8
Kinross	3,008	2,494	17.10	16.27	67.1	72.4
St Helena	2,330	2,130	12.82	14.65	55.3	28.5
Stilfontein	1,773	1,830	12.01	6.87	93.5	47.2
Unisel	1,770	1,758	13.16	12.74	33.2	35.6
Winkelhaak	3,101	2,594	29.92	35.65	105.5	44.9

Earnings per share calculated after tax and capital expenditure.

Toppan Printing edges ahead

BY IAN RODGER IN TOKYO

PRE-TAX profits of Toppan Printing, Japan's second largest printing company, rose 1.8 per cent to Y20.3bn ($159.3m) in the six months *to November 30.*

Sales grew 7.1 per cent, to Y332.8bn, with demand particularly strong for commercial prints and electronic components. The company said profit growth was eroded by a 7.5 per cent *rise in sales and management costs.*

The directors forecast that pre-tax profits in the current year, *ending on March 31* because of a year-end change, will be Y32.3bn, on sales of Y545bn.

Net profits in the six months to November were Y9.8bn, compared with Y9.6bn.

CSR forms offshoot for oil and gas interests

BY OUR SYDNEY CORRESPONDENT

CSR, the Australian building products, sugar and resources group, yesterday announced the formation of CSR Petroleum as a wholly-owned subsidiary to hold the group's oil and gas interests.

The move is necessary before *a public float of these interests,* although the group has not yet decided whether to take this course.

CSR said yesterday a float remained the group's intention, but that the board was hoping to make a decision in the current quarter.

The main money-earning businesses in the new entity are the Roma gas producing operation and the 85 per cent owned Roma-Brisbane gas pipeline, which services south-east Queensland.

Also included are the Bula oilfield in Indonesia, the 50 per cent owned Denison Trough gas project in Queensland and various exploration ventures in Queensland, Western Australia, Indonesia and China. A contract drilling operation is not included.

CSR said yesterday that the businesses had a profit after *tax of A$2.7m (US$1.9m) in the* half-year to September, with annual revenues of about A$50m.

Last year CSR sold Delhi Petroleum, its principal oil and gas interest, to Exxon for A$985m. Delhi was regarded as a *high-risk investment,* and the disposal was said by the group to have reduced its petroleum interests to a "core of very competitive operations."

It was also the single most significant step of a restructuring process in which CSR is reducing its dependence on resources in favour of its building products and sugar operations.

The creation of CSR Petroleum in turn brings the performance of individual businesses to the forefront.

The new entity is incorporated in Queensland, with headquarters in Brisbane.

Italian deals for Chamotte

CHAMOTTE UNIE, the Dutch investment group, has acquired *a stake in three Italian* insurance companies for about Fl 90m ($49.1m), **Our Financial Staff writes.**

The company said yesterday that it now owned 40 per cent of Milan-based Norditalia Assicurazioni, a 10 per cent stake in Tirrena Di Assicurazioni and a 63 per cent share of Delta Assicurazioni.

INTERNATIONAL CAPITAL MARKETS

Dealers concentrate on squaring their positions

BY CLARE PEARSON

THE APPROACH of tomorrow's publication of the US trade figures for November, seen as crucial to the dollar, weighed heavily on *international bond* markets yesterday where most dealers concentrated on position squaring.

Yet the new issues market continued to tick over, with four Eurodollar bonds and three Swiss franc foreign bonds emerging.

Eurodollar bond prices initially moved slightly higher, despite an easing in the US Treasury bond market. But dealing then dried up, while Treasuries improved on central bank intervention to buoy up the weakening dollar.

Meanwhile, an improvement in Euroyen bond prices, following a sharp rise in the yen against the dollar, prompted retail selling, so prices ended the day unchanged. Nevertheless, this week's Y30bn deal for **Ireland** continued to improve and was quoted as high as less 1.70 bid, within 1⅞ per cent fees.

Two further Japanese equity warrants bonds emerged as warrant prices improved despite overnight weakness in the Tokyo stock market.

But yesterday's two issues, for **Nichiei**, the timber trading company, and **Hanwa**, the steel company, performed less well than the three previous bonds that have appeared in the sector since the new year.

While these were quoted at levels well above their issue prices, Nichiei's $100m bond, led by Yamaichi International, was bid at its issue price and Hanwa's $150m deal, at around less ¼ bid, apparently reflecting strong support from the lead-manager, New Japan Securities Europe.

Like the earlier three issues, these five-year bonds bore indicated five per cent coupons and par issue prices.

INTERNATIONAL BONDS

Elsewhere, Privatbanken reopened the Danish kroner Eurobond market with a DKr300m five-year deal for **Skandinaviska Enskilda Banken**, the Swedish bank. This 10¼ per cent bond, priced at 100⅝, met a good response and traded at less 1½ bid, ⅜ points within fees.

D-Mark domestic bonds ended the day in better shape in response to the lower dollar. Eight-year bond prices rose by more than ¼ point, while 10-year bonds were about 10 basis points higher.

D-Mark Eurobond prices were unmoved by the weaker dollar and closed narrowly mixed with an easier undertone. But J.P. Morgan led a DM200m 5⅛ per cent five-year bond for **Forsmarks Kraftgrupp**, the nuclear power stations constructor, which met a good response, helped by a guarantee from Sweden. It was bid at around less 1¼ to its 100¼ issue price, compared with 2 per cent fees.

Seasoned Swiss franc bonds eased by between ¼ and ¾ points as investors took profits. Primary market bonds stabilised after falling earlier in the week.

Despite the surplus of new paper, three new issues emerged yesterday. Banque Paribas (Suisse) led a SFr200m 10-year 4⅝ per cent bond for **Japan Highway Public Corporation**, priced at 99½. The terms were thought tight and Banque Paribas seemed to have been awarded the mandate against competitive bidding.

Union Bank of Switzerland led a SFr200m seven-year 4½ per cent private placement, with a 101 pricing, for the French **Caisse Nationale de Telecommunications**. It is understood the issue will not be widely syndicated.

UBS also led a SFr60m five-year 4⅞ per cent deal, priced at 100½, for **Compania Sevillana de Electricidad**, the Spanish electricity company.

Credit Suisse First Boston will announce today a £150m mortgage-backed floating-rate note on behalf of **Household Mortgage Corporation**, the UK mortgage-lending concern owned by a variety of financial institutions. The issuer of the note will be HMC Mortgage Notes 2.

$1bn of finance for Elders

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

ELDERS IXL, master company of the group headed by Mr John Elliot, the Australian entrepreneur, and **Transamerica Financial**, the US finance and insurance group, this week launched international bank financings totalling $1bn.

Swiss Bank Corporation International is raising $500m in the form of a five-year revolving credit facility. Committed advances carry an interest margin of 18.75 basis points, and a utilisation fee of 5 basis points if more than half drawn. There is a commitment fee of 8 basis points on the undrawn portion.

The Elders financing, arranged by Chase Investment Bank, is in the form of a multi-option facility, also for $500m and over five years. It carries a facility fee of 6.25 basis points, an interest margin of 10 basis points and a utilisation fee of 7.5 basis points if more than half drawn.

It will be usable partly as a *replacement for* a $500m note issuance facility it arranged in 1984, and partly as a refinancing of a £1bn loan taken out to finance the takeover of Courage.

The financing is being syndicated mainly among relationship banks with co-lead managers being *invited at the $30m* level for a 10 basis point fee.

●**Avis Europe** said it launched a Eurocommercial paper and sterling commercial paper programme of unlimited size. First Chicago is arranging the financing and other dealers are *Midland Montagu*, Morgan Grenfell and SBCI.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 13

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	93¼	93¾	0	+0¼	9.48
All Nippon Air 9⅝ 97	100	94	94½	+0⅛	-0⅛	10.35
American Brands 8⅞ 92	150	96	96½	0	-0⅛	9.91
A/S Eksportfinans 7⅝ 93	100	†91¾	92¼	+0⅛	-0¼	9.45
A/S Eksportfinans 7¼ 92	150	93¼	93¾	0	0	9.25
Barc. Bk. Fin. 10¼ 89	200	†102⅝	102⅞	-1	0	8.69
Belgium 9⅛ 92	400	†99⅝	99⅞	0	+0⅛	9.20
British Telecom 7⅜ 96	250	86½	87	-0⅛	-0⅛	9.96
British Telecom 8⅞ 94	150	97¼	97¾	0	-0¼	9.38
Canada 9 96	1000	97⅝	98⅛	-0⅛	-0¼	9.38
Canadian Pac 10¾ 93	100	†102¾	103¼	0	-0½	9.91
C.C.C.E 7¼ 91	113	†93¾	94¼	-0⅛	-0½	9.05
C.N.C.A 7¼ 91	150	93⅜	93⅞	0	0	9.25
Coca-Cola Ent. 8¼ 90	100	†99⅞	100⅜	-0⅛	0	8.16
Credit Lyonnais 9 91	200	100⅛	100⅝	-0⅛	+0¼	8.89
Credit National 7⅜ 92	100	93¾	94¼	-0⅛	-0¼	9.11
Credit National 7¼ 91	150	94⅛	94⅝	0	-0⅛	9.01
Denmark 7⅛ 92	500	92¼	92¾	0	-0¼	9.38
Denmark 8¼ 91	300	†99¼	99¾	0	-0½	8.39
E.E.C 7 91	100	93⅞	94⅜	-0⅛	-0⅛	8.92
E.E.C. 7¼ 93	250	92	92½	-0⅛	-0½	9.20
E.E.C 8¼ 96	100	†91⅜	91⅞	-0⅛	-0⅛	9.73
E.I.B. 7⅜ 93	100	92¼	92¾	0	-0⅛	9.32
E.I.B. 9⅜ 97	150	97	97½	-0⅛	-1	9.81
Finland 7⅞ 97	200	87⅝	88⅛	-0⅛	-0⅞	9.97
Finland 7½ 93	200	91¾	92¼	-0⅛	-0⅛	9.37
Ford Motor Cred 11⅜ 90	100	105	105½	-0⅛	-0½	8.58
Gen Elec Credit 10¼ 00	200	101¾	102¼	-0⅛	0	9.95
G.M.A.C. 8 89	250	99	99½	-0⅛	+0⅛	8.55
G.M.A.C. 8¼ 89	200	100⅛	100½	0	-0½	8.00
Hoesch 8¼ 97	100	†88¼	88¾	0	-0¼	10.23
Hoesch 7⅜ 92	100	†95¾	96¼	0	-0¼	8.53
Liberty Mutual 8½ 96	150	†93¾	93⅞	0	-0½	9.62
L.T.C.B of Japan 8 91	100	96¼	96¾	0	-0⅛	9.16
L.T.C.B.of Japan 8 97	200	86½	87⅛	-0¼	-0¼	10.33
Mercds-Benz Cred 8¼ 92	100	99⅝	100⅛	0	+0¼	8.19
Mitsubishi fin. 7⅞ 93	100	91¾	92⅜	+0⅛	+0¼	9.71
Mutual America 7⅞ 92	100	†93¾	94½	-0⅛	-0¼	9.54
Norway 7¼ 91	500	†96¾	97¼	0	-0½	8.22
Pepsico Inc 7⅜ 93	200	†92	92½	-0¼	-0⅛	9.26
Prudential Crp. 8⅞ 94	125	96½	97⅛	0	-0¼	9.42
Qantas Airways 10⅜ 95	140	101⅝	102⅛	-0¼	-0⅝	9.98
Rep. of Finland 9⅛ 92	300	†100	100½	0	+0½	9.06
Rep. of Italy 9 90	1000	100¾	101¼	0	-0⅛	8.54
Saab Scania 9½ 91	125	†102	102½	0	-0¼	8.63
Saskatchewan 10¾ 92	100	104⅝	105	-0⅛	-0⅛	9.33
State Bk S Aust 9¼ 93	100	98⅛	98⅝	-0⅛	-0½	9.66
Swedish Expt.Crd.7¼ 91	100	†94¼	94¾	+0⅛	-0⅛	8.97
Swed Exp Cred 10 92	100	103⅞	104⅜	-0⅛	-0⅛	8.80
Sweden 7 91	250	94⅛	94⅝	0	-0⅛	8.81
Sweden 7 92	250	†93½	94	+0⅛	+0⅛	8.88
Sweden 8¾ 96	200	94⅜	94⅞	-0⅛	-0⅛	9.72
Sweden 8½ 92	200	98¼	98¾	-0⅛	-0⅛	8.89
Taiyo Finance 7¾ 94	100	90⅝	91	0	+0¼	9.88
Toyota Mtr. Cred. 9 90	200	†100⅝	100⅞	-0⅛	-0⅛	8.74
Toyota Mtr.Cred.7⅞ 92	150	93½	94	+0⅛	+0⅛	9.03
Victorian Rep 11⅛ 92	150	106⅞	107⅜	0	-0⅛	9.50
World Bank 7 92	300	†93½	94	0	-0½	8.90
World Bank 9 97	300	95	95½	-0¼	-1	9.77
Yasuda Trust Fin 8½ 93	100	94⅜	94⅞	-0⅛	-0⅛	9.83

Average price change... On day -0⅛ on week -0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	†101⅛	101⅝	-0¼	-0⅛	5.77
Avis Fin.SVS 5⅞ 92	100	*100⅛	100⅝	0	-0¼	5.76
Bank of Greece 5⅞ 92	300	†97⅝	98⅛	-0⅛	0	5.85
Bank of Tokyo 5¾ 93	100	*101⅝	102⅛	0	-0⅛	5.29
Central BK. Turkey 7 92	200	*103¼	103¾	0	-0⅛	6.11
Degussa Int. 6⅛ 97	200	†96⅞	97⅜	+0⅛	+0⅛	6.50
E.I.B 5½ 98	150	†93¾	94¼	+0⅛	-0⅛	6.34
E.I.B 6 97	300	†97⅝	98⅛	0	-0½	6.24
E.I.B. 6⅛ 96	300	†99	100	0	-0¼	6.19
E.I.B. 6⅛ 97	400	†98½	99½	-0¼	-0⅛	6.27
E.I.B. 6⅞ 95	300	†104	105	+0⅛	-0¼	6.13
Euro.Coal& Steel 5⅞ 97	175	†96⅞	97⅜	-0⅛	-0⅛	6.33
Eurofima 6¼ 96	100	†100¾	101¼	0	-0⅛	6.05
Elec De France 5¾ 97	300	†95⅝	96⅛	0	-0⅛	6.30
I.A.D.B. 6 97	200	†96¾	97¼	-0⅛	-0⅛	6.39
IBJ 5⅞ 92	100	*103⅛	103⅝	0	0	5.03
Japan Finance 5¾ 97	100	†94⅞	95⅜	-0⅛	-0⅛	6.45
Ireland 6½ 97	300	*†98⅝	99⅛	0	-0¼	6.66
Korea Dev BK 6⅛ 93	100	†100½	101½	-0¼	-0⅛	6.39
Malaysia 6¼ 94	150	†98½	99	0	0	6.48
Oesters.Kont.Bk.5⅞ 92	200	*102½	103	0	+0¼	4.96
Portugal 5¾ 92	150	†101½	102½	0	-0¼	5.24
Portugal 6⅝ 95	150	†102¾	103¼	0	0	6.15
Royal Insurance 5½ 92	300	*†101	101½	0	-0½	5.16
Statoil 6¼ 97	200	*†97½	98	0	0	6.58
Soc Cent Nuclear 7¼ 95	150	†105	106	0	+0¼	6.29
Stemag 5½ 96	100	†97⅞	98⅜	0	-0¼	5.76
Tokyo Elec. Power 6 97	300	†96⅞	97⅜	0	-0⅛	6.42
World BK. 6¼ 97	600	†99⅝	100⅛	-0⅛	-0⅝	6.31

Average price change... On day 0 on week -0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5⅛ 96	100	†99	99½	-0½	+0¼	5.73
Asfinag 5 02	150	†98	98¼	-0½	-0½	5.18
Bayer W/W 2½ 02	250	†93¾	94½	-0⅛	-1⅛	3.00
BBL W/W 2⅜ 97	100	†86	86½	+0½	+1½	4.56
Elec.De.France 5 07	100	†100	100¼	0	+0⅛	4.99
E.I.B. 4⅝ 97	200	†99¼	99½	-0⅛	-0⅛	4.83
E.I.B 4⅝ 97	200	†99¼	99½	-0½	-0½	4.71
Enso Gutzeit 5 99	100	†99	99¾	0	0	5.10
Ireland 5 02	150	†92½	93¾	0	-0½	5.65
Newfoundland 5⅛ 02	150	†101	101½	0	+0¼	5.00
Polly Peck 6 92	75	†100½	100¾	+0⅛	+1⅛	5.82
Prov.of Manitoba 4⅝ 02	200	†100	100¼	-0⅛	-0⅛	4.73
Prov. of Quebec 5 03	200	†99½	99¾	-0¼	+0¼	5.03
Qantas Airways 4⅝ 97	110	†95½	96	-0⅞	+0½	5.32
SHV Holdings 4⅜ 94	100	*†100⅛	100½	0	+1	4.68
Tiroler 4⅝ 97	100	†100⅛	101	0	+0⅛	4.63
TNT 5 95	100	*†100	100½	0	-0¼	4.95
Woolwich B/S 4½ 92	120	†98⅜	99⅛	-0⅛	+0⅛	4.74
World Bank 5 02	200	†97¾	98	-0½	-0⅛	5.21

Average price change... On day -0⅛ on week -0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅝ 94	45	97¼	97⅝	+0¼	0	5.11
E.I.B 4⅝ 94	40	97½	97⅞	+0¼	0	5.06
Elec De France 5⅛ 94	20	100⅛	100⅝	+0⅛	+0⅛	5.02
Kansai Electric 4⅝ 94	60	96⅜	96¾	+0⅛	+0⅛	5.26
Norway 4¼ 92	60	97½	97¾	+0⅛	-0⅛	4.87
Rep. of Italy 5¾ 92	150	103¾	104	+0⅛	+0⅛	4.68
Sweden 4⅝ 92	50	98	98⅜	+0⅛	0	4.81
World Bank 5½ 92	50	103⅜	103⅝	+0⅛	+0¼	4.61

Average price change... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aegon 5¾ 91 FL	100	100¾	101½	0	-0¼	5.40
Aegon 8¼ 89 FL	100	103¾	104	0	+0⅛	5.56
Air Products 6¾ 91 FL	100	101¼	101¾	0	+0⅛	6.20
Alg. Bk. Ned. 5¾ 91 FL	100	101	101¾	0	+0⅛	5.32
Alg. Bk. Ned. 7¾ 89 FL	150	103⅛	103⅝	0	+0¼	5.63
Alg. Bk. Ned. 8 89 FL	200	102¼	103	0	0	5.27
Barc. Bk. 10¼ 97 £	250	96⅛	96⅝	-0½	-1	10.86
BP Capital 13¾ 92 A$	75	101½	102	+0¼	+0⅛	13.15
Creditanstalt 14⅛ 90	60	†102	102½	+0¼	-0¼	12.88
Denmark 7¾ 92 ECU	100	†100⅛	100⅝	+0⅛	-1	7.63
DG Fin. Co. 13⅜ 90 A$	50	†104¾	105¼	0	+0¼	11.38
DG Fin. Co. 14 90 A$	75	†102½	103½	0	+0¼	12.48
DG Finance 14⅛ 92 A$	50	†103	104	0	-0¼	13.19
Deutsche-Bank 9⅛ 97 £	75	†96¼	96¾	-1	-1⅛	10.47
Deutsche Bk.14¼ 92 A$	100	†104⅝	105⅛	+0⅛	+0⅛	12.63
Dresdner fin.13⅞ 91 A$	100	†102¼	102¾	+0½	+0¼	12.84
Electrolux 8 89 FL	60	102¼	103	0	0	5.73
E.I.B 8⅝ 93 LF	1000	†102⅝	103⅛	0	0	7.97
Euratom 7⅜ 97 ECU	145	†92	92½	-0⅛	-1⅛	8.61
Euratom 11½ 88 FL	150	102	102¼	0	0	0.05
Eurofima 7½ 92 FL	50	104⅝	105⅛	+0⅛	+0⅛	6.13
Eurofima 17½ 89 NZ$	50	†102½	103½	+0¼	+0¼	15.41
Fijilind 6 91 FL	100	100¼	101	0	0	5.81
Ford.Mtr.Cred.13¾ 91A$	75	100⅝	101	+0¼	+0⅝	13.45
G.M.A.C. 9 92 £	50	96⅛	96⅝	-0½	-1⅛	9.95
G.M.A.C. 9¼ 92 C$	75	95⅞	96⅛	+0⅛	-0⅛	10.45
G.M.A.C Aus.Fin.14 90 A$	50	101⅛	101½	+0⅛	+0¼	13.27
Halifax BS 10⅜ 97 £	100	†96½	97	-0⅛	-0⅛	10.94
Heineken NV. 6½ 91 FL	150	†102¾	103½	0	0	5.36
Honda Mtr.W/W 3⅞ 90 FL	100	†108½	110½	0	+0¼	-0.45
Hunter Dgns. N.V. 7 91 FL	50	101¼	102	0	0	6.40
Imp Chem Inds 10 03 £	100	†93¼	93¾	-0½	-0⅛	10.88
Inv.In Ind.Intl 10 93 £	60	98¼	99¼	-0½	-0⅛	10.23
Leeds B.S 10½ 91 £	50	99½	100	-0⅛	-1¼	10.56
Mort.Bk.Denmark 6 91 FL	150	99½	100¼	0	-0⅛	6.03
Mtge. Bk. Dn. 6¾ 91 FL	100	102	102¾	0	0	5.89
Nat.Australia 14 92 A$	50	101⅝	102⅝	+0⅛	-0¼	-0.27
Nat. West.Bk.13⅛ 92 A$	50	†101	101½	+0¼	+0⅛	12.74
Nationwide BS 10⅛ 93 £	75	98¾	99¼	-0⅛	-1⅝	10.36
New Zealand 7⅜ 93 ECU	200	†97¾	98¼	+0⅛	-0¼	8.23
Oesters.Ktbk.13⅝ 94 A$	75	103¼	103¾	+0¼	-0⅛	12.76
Prudential Fin.9⅝ 07 £	150	85¼	85¾	-1¼	-1⅛	11.22
S.D.R. 7¾ 95 ECU	90	†96¼	96¾	0	-1⅛	8.41
Trusthouse Forte 11⅛ 90 £	50	101½	101¾	-0⅛	-0⅛	10.29
Thyssen 7¼ 90 FL	50	103	103¾	0	+0¼	5.81
Westamen 6¾ 90 FL	50	101¾	102½	0	0	5.87
World Bank 13⅛ 92 A$	100	†102½	103	+0¼	+0⅛	12.48

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	.0312	100.17	100.27	13/06	8.17
Alliance & Leic.Bld 94 £	.08	99.05	99.10	21/01	10.27
Belgium 91	0	100.17	100.27	19/02	7.19
Britannia 5 93 £	0⅛	99.55	99.61	8/01	10.37
Chase Manhattan Corp 91	0¼	99.03	99.28	22/02	7.19
Citicorp 98	†0¼	96.75	97.00	29/02	7.69
EEC 3 92 DM	†0	100.44	100.49	22/02	4.31
Halifax BS 2 94	.1	99.39	99.44	8/02	8.97
Invt. In Industry 2 94	0	99.40	99.50	24/02	9.44
Midland Bank 01 £	.1	95.72	96.17	11/02	8.97
Milk Mkt.Brd. 5 93£	0¼	99.42	99.47	30/12	10.37
New Zealand 5 97 £	.07	99.21	99.31	18/02	9.06
New Zealand 5 01	0	98.80	98.90	4/02	7¼
Shearson Lehman Hlds 91	†0¼	98.87	99.37	8/02	7.62
United Kingdom 5 92	0	100.07	100.14	7/01	8.19
Woodside Fin. 5⅛ 97	0	98.70	98.80	28/01	7.69
Woolwich 5 95 £	0⅛	99.29	99.34	19/02	9.12

Average price change... On day +0.00 on week +0.01

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02	8/87	62.	94½	95¾	+0⅛	33.28
Alco Health 6¼ 01	†7/86	26.25	75	76	+0½	35.47
American Brands 7⅜ 02	9/87	56.7	96¼	97¼	+0¼	19.91
American Can Co. 5½ 02	†4/87	66.75	63	64	-0½	73.01
Ashikaga Bank 2⅞ 02	4/87	967.	109⅝	110⅝	-2¼	-2.41
Asics 5 92 DM	†12/83	438.6	140	142	0	-0.43
CBS. Inc. 5 02	†4/87	200.	91	91½	-0⅛	15.14
Fuji Hvy Inds 3 00	8/85	676.	143¾	144½	-1⅞	-3.96
Fujitsu 3 99	5/84	1106.	219⅛	220¼	+0⅞	-5.24
Gunma Bank 2⅞ 02	4/87	808.	129⅝	131⅛	-0⅜	-4.36
MCA INC 5½ 02 US	†9/87	69.62	73	74	-0¼	45.18
Minolta Camera 2¼ 94 DM	†2/86	1004.	84	86	-1	34.52
Mitsui trust 2⅞ 01	10/86	1905.	126	128	+1	-0.18
Next PLC 5⅛ 03 £	11/87	4.3	102¼	103¼	-0⅛	57.79
Nippon Elec 2⅞ 00	†1/85	1295.	295	296	-5	-5.87
Omron Tateisi 2⅞ 02	4/87	1310.	185⅛	186½	+1	-2.03
Ranks Hovis 4¾ 03 £	1/88	3.5	104⅛	104⅝	-0⅛	16.85
Redland 7¼ 02 £	†1/87	5.4	95¾	96¾	+0⅛	19.49
Texas Inst. 2¾ 02 US	9/87	82.87	81¼	82¼	-1⅛	34.03
W.R. Grace 6¼ 02 US	9/87	42.12	76½	77½	-0¼	28.46

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Chemical Bank UK executive resigns

By Alexander Nicoll, Euromarkets Editor

MR JOHN Howland Jackson resigned yesterday from Chemical Bank, little more than a year after being brought in to head its London operations.

Mr Howland Jackson, 38, had been a director of Kleinwort Benson until he was recruited as part of a drive to expand Chemical's international operations and to put greater emphasis on investment banking activities.

In October, Chemical announced 2,100 job cuts worldwide including 170 out of its 950 staff in the UK. They were interpreted as renewing the bank's stress on conventional banking services rather than investment banking. It pulled out of issuing primary Eurobonds ance and, like many other firms, reduced its Eurobond trading activities.

Mr Howland Jackson's decision was said to have been his own and the parting was understood to have been amicable. He is believed to be taking time to consider alternative options.

Mr Peter Alexander, 45, is replacing him on an interim basis while Chemical continues to ponder its strategy. Mr Alexander has been a managing director in the banking and finance group in New York.

●Mr Thomas Gaffney, former president of Chase *Investment Bank in London*, has been appointed as managing director of Westdeutsche Landesbank's new London-based investment banking subsidiary. The reorganisation of the London branch to form a capital markets *subsidiary* follows the pattern set by other big German banks in the UK.

Matif starts trading state bond option

TRADING IN *options on the* French government bond futures contract on the Matif (the Paris financial futures market) will begin today, Reuter reports from Paris.

The CCIFP – the Matif central clearing house – said final tests of capacity of the Matif computer system, which should be able to handle 300,000 contracts a day, have been satisfactory.

The new options contract, *the third contract to be* traded on the Matif, was originally due to have been launched in June, and then in September, but was delayed because of computer problems.

The Matif already has two *contracts*, a *notional* 10-year, 10 per cent government bond futures contract which started in February 1986 and a short contract based on 13-week Treasury bills, established in June 1986.

The opening of the official options market follows the development of a fairly active over-the-counter (OTC) market in negotiable options on the government bond contract.

Dealers say that between *one-quarter and one-third of* the daily volume traded on the government bond contract is related to OTC options transactions. Volume currently amounts to around 45,000 contracts a day.

The trading unit will be an options contract of FFr500,000. The minimum price variation will be a tick fixed at 0.01 per cent of the nominal contract, equal to FFr50.

Expiry is identical to the four quarterly expiries of the underlying government bond contract – March, June, September and December.

The official trading session will run from 09.00 GMT to 14.00 GMT, the same period the government bond contract is traded.

The Matif clearing house has appointed five market makers for the new contract – Societe Generale, Banque Paribas, Banque Indosuez, Credit Lyonnais and BGPSIB, a joint venture between two smaller banks, Banque de Gestion Privee and Societe Internationale de Banque.

The market makers will ensure there is sufficient liquidity and be responsible for the smooth running of the new market, particularly as regards the execution of clients' orders.

●Banque Nationale de Paris, France's largest bank, which is still awaiting privatisation, has announced a probable decline in profits from last year's FFr3.2bn ($581m), but expects to maintain its dividend of FFr16.50 a share, George Graham reports from Paris.

Stefan Wagstyl on Japan's financial liberalisation package

MoF finds middle way to futures

THE TOKYO financial community's ability to make decisions by consensus was stretched to the limit. But in the end some clever footwork by the Ministry of Finance reconciled the unreconcilable.

As a result, the plans for Japan's first comprehensive financial futures markets reflect what they are – a deal between the Japanese banks and securities companies, which together dominate Tokyo's capital markets.

Everbody was agreed that it was high time Japan's investing institutions had access to futures markets in Tokyo, offering the same range of instruments as have long been traded in London and New York. The argument, as so often *in disputes*. between *Japan's* banks and securities companies, was over who was allowed to do what what.

The MoF has therefore carved up the proposed new markets carefully between the two sides along the lines of their existing *vested interests. The decision* shows that, however much the ministry may be committed in principle to the liberalisation of Tokyo's financial markets, its freedom of action can in practice be limited.

So, in contrast to New York and London, banks and securities companies will not have unlimited access to futures and options markets. The MoF has steered clear of eroding the distinction between banks and securities companies, which is enshrined in Article 65 of Japan's Securities and Exchange Law, modelled on the US Glass-Steagall Act.

Mr Koichiro Kitade, treasurer of the Tokyo branch of Citibank of the US, said: "Basically it's a decision based on the egos of banks and securities companies." An MoF *official* said: "I cannot say it is a compromise. But the newspapers will say it is a compromise."

Nevertheless, the proposals, which will be brought into effect by the end of the year, call for sweeping additions to Tokyo's expanding financial markets. A new financial futures market is to be established, *trading futures and* options in interest rates and currencies.

Meanwhile, the existing Japanese stock exchanges, which already trade futures in Japanese government bonds, will be allowed to launch contracts *in* foreign government bonds (including US ones) and in stock-index futures.

Banks will have unlimited access to the financial futures market, both on their own account and as brokers. In addition, they will be permitted to trade government bond futures on the stock exchanges, not only on their own account (as they can already) but also as brokers.

Securities companies will have unlimited access to stock exchange instruments and to contracts on the new futures exchange – except for spot currency *options. The point of this* exclusion is to keep securities companies out of the Tokyo foreign exchange market – which is regarded as the banks' turf. Securities companies will nevertheless be allowed to trade *currency futures options*.

There are some additional proposals: banks and securities companies are to be allowed to broke foreign futures and options, excluding spot currency options and stock-index options, to Japanese clients. Further, banks and securities companies are to be permitted to trade overseas in spot currency options on their own accounts only.

Foreign companies – both banks and securities companies – will be allowed unlimited access to the full range of new futures markets.

The argument behind the package dates back to when the liberalisation of Tokyo's financial markets was first mooted in the early 1980s, but it began in earnest last year.

The securities companies argued that the stock *exchanges should* handle all types of futures contracts since they already traded Japan's two existing futures contracts – the government bond contract (introduced on the Tokyo Stock Exchange in October 1985) and the Osaka exchange's 50-share *stock futures contract*.

The banks countered that, since they controlled the cash markets in yen and foreign currency deposits, the derivative markets should also be their preserve. They wanted a new futures market to handle all futures contracts – including bond and stock-index instruments.

Within the MoF, the banking bureau naturally supported the banks and the securities bureau backed the securities companies.

Inevitably, both sides said yesterday they were not entirely happy with the MoF's package. Mr Setsuya Tabuchi, chairman of the Securities Dealers' Association of Japan and of Nomura Securities, said that it was unreasonable to exclude securities companies from spot currency options when the international use of the yen should be promoted.

Mr Kenichi Kamiya, chairman of the Federation of Bankers' Associations of Japan and president of Mitsui Bank, said the banks would press for changes when the scheme is reviewed in two years' time.

No UK progress on TSE

SIR GEOFFREY HOWE, the British Foreign Secretary, appeared to have made little progress during his visit to Tokyo this week in the campaign for more British securities firms to be invited to become members of the Tokyo Stock Exchange (TSE), Ian Rodger reports from Tokyo.

Sir Geoffrey was pressing the case for Barclays de Zoete Wedd and James Capel, both of whose applications were rejected last month when the TSE admitted 22 new members, 16 of them foreign.

He said at a press conference at the conclusion of a five-day official visit to Japan yesterday that he thought he had been able to impress on the Japanese authorities that TSE memberships should not be a matter of grace and favour or some arbitrary timetable, but should depend only on a firm's qualifications.

However, he did not reply directly when asked whether the Japanese authorities had been any more encouraging when talking to him about more memberships than TSE officials have been publicly. TSE officials have said that no new memberships would be issued in 1988.

British officials were at least relieved that the Japanese side did not try to justify their foot-dragging on more memberships. Nor did they suggest that the British should be happy with having received four of the 16 seats offered to foreign brokers in December.

Greece to refinance $1.8bn

THE RECENT improvement in Greece's current account balance of payments should enable the country to make no new net demands on foreign lenders this year, Mr Dimitris Chalikias, governor of the Bank of Greece, said in *London yesterday*, **writes our Euromarkets Editor.**

Greece plans simply to refinance $1.8bn in repayments that will come due in 1988. Last year, net borrowing totalled only $400m and the Government *also* prepaid some $400m of loans falling due in coming years, Mr Chalikias said. Reserves had increased by $1bn in 1987, though some $250m of this was due to revaluation following the fall in the dollar.

Mr Chalikias said he was not unduly concerned about the outlook for the economy following the reversal late last year of an economic stabilisation programme, though he acknowledged that the public sector borrowing requirement was "*still quite* high."

UK COMPANY NEWS

INTERIM PROFITS BELOW CITY EXPECTATIONS

Dixons sees full-year slowdown

BY MAGGIE URRY

Dixons, the electrical retailer, confirmed City fears yesterday by forecasting "disappointing" profits for its current year to end-April due to poor sales since the stock market crash.

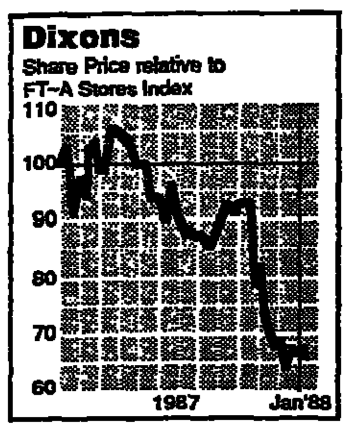
In the 28 weeks to November 14, pre-tax profits were up by 22 per cent to £49.5m, slightly below City expectations.

Mr Stanley Kalms, chairman, said: "Clearly profits for the full year will be disappointing but this setback should be seen against our history of growth and should not be significant to our long term plans."

Mr Egon von Greyerz, Dixons' vice chairman and finance director, said that normally two-thirds of profits were made during the three months around Christmas. The immediate fall in UK sales since the market crash – sales have dropped by 8 per cent on a comparable basis since then – could not be recouped, although the first two weeks of January had seen better sales.

"Business turned down just at the point when it should have turned up," Mr von Greyerz said. As a result Dixons had

Stanley Kalms – setback not significant to long term plans



been overstocked and the company "deliberately decided to reduce stock levels." There would not, however, be any stock write-offs, he added.

Looking on the bright side, Mr von Greyerz said that Dixons had been "a litle complacent. We are starting to be much more aggressive. In the short term that will be at the expense of margins but aggressive marketing will build margins up again. We prefer crisis management to good time management because it's more fun."

UK retailing profits were down in the half year from £29.1m to £27.4m despite a 17 per cent increase in turnover to £565.1m. Net profit margins were down from 6 per cent to 4.8 per cent.

Turnover in the Dixons and Currys retail chains was 11.5 per cent higher, Mr von Greyerz said. However, this concealed a fall in sales per square foot since there had been an increase in selling area of 13 per cent. Price reductions had a negative effect on sales of 7 per cent, caused by a combination of technological advances, the effect of the weaker dollar and more aggressive competition.

The first profit contribution from Silo, the US electrical retailer acquired in May, was £4.6m on sales of £206.2m. There, Mr von Greyerz said, the effect of the stockmarket fall had been to hit sales immediately but they had recovered more quickly than in the UK and were still showing gains.

The other UK businesses performed better. Photo processing had a dull summer because of the wet weather but the Supasnaps chain, loss-making when acquired, had made a positive contribution.

Profits on property development rose from £6.8m to £11.2m and from financial services from £4.6m to £6.3m. Both were expected to continue their growth in the second half.

Earnings per share in the first half rose by 6.8 per cent to 7.8p, diluted by the convertible preference shares issued for the Silo purchase. The interim dividend was increased by 8.3 per cent to 1.3p.

See Lex

Southern Business rises 58%

By Heather Farnbrough

"ALL-ROUND very healthy growth, with plenty of forward contracts" was responsible for a 58 per cent increase in pretax profits to £4.1m for the year to September 30 at **Southern Business Group,** photocopier and vending machine hire contractor, according to Mr David McErlain, managing director.

This was in line with City expectations, although the company beat its own target of a 25 per cent increase in earnings growth with a 38 per cent rise to 21.4p.

The final dividend is 2.9p, making a total of 4.6p for the year (3.5p).

Of the £4.1m profit, £249,000 came from associated companies while Electronic Business Machines, acquired in May, contributed £400,000. The vending business accounts for about 15 per cent of turnover, which increased by 42 per cent to £13m.

Forward contracted income for both photocopying and vending businesses increased by 59 per cent to £85m. Analysts estimate at least 50 per cent of these contracts should be enforced.

Southern intends to increase its share of the "main" photocopier market – supplying a complete service to customers – above the existing five per cent in the south east of England. About £3.45m of profits emanated from these contracts, although only half of the 10,000 machines controlled by the group currently include the full service contract.

"The plan is 25 per cent earnings growth again this year," said Mr Erlain. "All our resources will be concentrated on making the most of the copying market." However, he added "If a good proposition comes our way, we will take advantage of it."

• comment

Every week-day, over 100m photocopies are made in offices in the south east of England. Southern still has a tiny share of that market and 5,000 existing customers to be converted to more profitable service contracts covering everything from the paper and machine to the most vital function – repairs. So the company should match its targets fairly easily to report £5.4m for 1988. EBM has outperformed expectations, while the level of forward contracts is encouraging. Although Southern has benefited from the boom in the south east, the company believes the stock market crash will not harm business. The company has a tight cost control record, an effective sales force and sensible management. Given the underlying growth opportunities as well, a prospective p/e of 12 seems slightly stingy.

Melton increases Marling stake

Mr Nathu Ram Puri and his private company Melton Medes have increased their stake in **Marling Industries,** industrial textile manufacturer, to 8.64 per cent. The purchase takes their interest from about 1.7m to 2.15m shares, of which 1.68m are owned by Mr Puri.

Mr Peter Held, Marling managing director, said he believed Mr Puri's intentions were friendly."

Interim fall at Sidney Banks

Grain and agricultural merchant **Sidney C. Banks** suffered a downturn in the half year ended October 31 1987.

Turnover fell by £9.7m to £53.68m while pre-tax profits came down from £1.4m to £1.26m.

Earnings were 12p (13.55p) after tax £452,000 (£509,000). The interim dividend is lifted to 2.125p (2p adjusted). Total payment for 1986-87 was 6.625p from profits of £2.72m.

Charles Church

Charles Church has sold over half of this year's housing production and profits for the first four months have exceeded those for the same period last year, the chairman told the annual meeting.

Since the stock market crash, the group's housing reservations had shown a marked upward movement. In November, reservations were up compared with the same period last year and in December they trebled, while the increased activity being shown for the January period had allowed the company to raise prices by 5 per cent.

Lucas buys power arm of Lear Siegler

By Clay Harris

Lucas Industries, motor and aerospace components group, has paid $32.3m (£17.7m) cash for Lear Siegler Power Equipment, an Ohio-based designer and maker of aerospace components and systems.

Lucas is the fourth UK company to buy part of Lear Siegler, the US conglomerate which is being broken up by Forstmann Little, the investment bank which took it private early last year in a $2.1bn leveraged buy-out.

Between May and August 1987, F.H. Tomkins paid $112m for gunmaker Smith & Wesson, Smiths Industries bought some of Lear's avionics businesses for $350m and others went to General Electric Company for $205m.

The businesses bought yesterday by Lucas make AC and DC generating equipment and electromechanical actuation systems – such as those which manoeuvre the fins on missiles – for commercial and military aerospace applications. They had sales of more than $62m in 1987.

Aerospace sales by Lucas's US operations will now exceed $320m, and Lucas expects the North American proportion of group profit to increase this year despite the fall of the dollar. The additional US operating base gained by the latest acquisitions is an advantage in view of the weak dollar, Lucas said.

Lear's operations parallel Lucas's generation facility at Hemel Hempstead and actuation operation at Bradford.

Nick Bunker looks at BAT's US target

Bidding for the big time

IF BAT Industries wins control of Los Angeles-based Farmers Group with the $4.2bn (£2.3bn) bid it unveiled yesterday the tobacco multinational will at a single bound outstrip the UK's old-established composite insurers to become a giant in the American insurance business.

For Farmers – which in 1986 had a 2.8 per cent share of the US property/casualty market – is more than twice as big in America as its nearest British-owned rival, Royal Insurance. If BAT acquires Farmers, it will find itself writing policies for 5.5 per cent of private motorists in the US – and very nearly one in 20 of the nation's homeowners.

But BATs will also have bought, in Farmers, a group with a history and structure which makes it one of the curiosities of the vast US insurance industry. In the first nine months of 1987, it made post-tax profits of $181m, after $213m in 1986 (on property/casualty premiums of about $5bn).

Farmers Group has roots in the 1920s, one of the industry's key formative decades. Incipient mass ownership of cars had created insurance needs which the old New York or Connecticut-based insurance companies were unable or unwilling to satisfy.

But the 1920s and early 1930s saw the creation of three companies – State Farm, Allstate and Farmers Group. Their explosive growth after the Second World War especially left them by 1985 with a combined private car insurance market share of close to 29 per cent.

These companies were innovative – and have generally remained so – in both structure and marketing methods.

State Farm, was founded in 1922 as a mutual company. Allstate appeared in 1930, as an off-shoot of Sears Roebuck, the retail and mail-order catalogue company, and its agents soon appeared in Sears Roebuck's stores. Farmers arrived in 1928, in Nevada, where it began life as the Farmers Insurance Exchange.

LEADING US HOME INSURERS

	Prems ($m)	Market share (%) 1986	1985
State Farm	2.73	17.5	18.2
Allstate Ins	1.61	10.4	9.6
Farmers Ins	0.77	4.9	4.6
Aetna Life	0.61	3.9	3.7
Nationwide	0.40	2.6	2.5

Source: Best's Review

It is odd for a simple reason. It is one of only about 50 reciprocal insurance groups – and reciprocals are a peculiarly North American insurance invention. They can be loosely described as being halfway between a policyholder-owned mutual and a shareholder-owned stock company.

Farmers acts as a so-called "attorney-in-fact" for a collection of co-operative insurance pools which cover 11m general insurance policyholders. The risks of insurance profits or losses are carried by the pools, but Farmers accepts or refuses business, sets rates and performs other management functions in return for a fee.

But the driving force behind the success of Farmers, Allstate and State Farm was their use of "direct writing" as a marketing technique. They eschewed the use of the American Agency System – dating from before the American Civil War – in which big insurers sold via armies of independent agents representing perhaps half-a-dozen insurers.

Instead, they sold direct via their own legions of salesmen tied just to one company – their own. Farmers now services some 10m policies via 14 regional offices and (in 1986) had about 13,359 agents representing the company.

The first key result of this is that cutting out the independent agents brings down sharply an insurers' expenses – enabling it to compete heavily on price. Hence the rapid growth of the direct writers, especially in rural states west of the Mississippi. Farmers Group's business is now concentrated in 26 states with more than 70 per cent coming from California, Texas, Arizona, Washington, Oklahoma and Colorado.

And, more broadly, the direct writers have steadily gained ground from the stock-agency companies to the point where in 1986 – despite a slight market share recovery by the stock-agency groups – they had 37.6 per cent of the industry's entire premiums.

The second result is that Farmers remains in its property/casualty business primarily a "personal lines" insurer – meaning it caters mainly for homeowners and private motorists. Personal lines now make up about 80 per cent of its business.

But BAT's explicit aim is to drive more heavily with Farmers Group's sales force to sell life assurance and other savings-related products. At the moment, Farmers has three life subsidiaries: Farmers New World, based in Washington state, which it bought in 1953; Ohio State Life, taken over in 1965; and Investors Guaranty Life, which was formed in 1962.

A G Barr rises 18% but sounds profits warning

BY DAVID WALLER

A G Barr, the Glasgow-based softs drinks manufacturer which last month agreed to buy the Mandora St Clements business from Mansfield Brewery for £21.5m, yesterday announced an 18 per cent increase in pre-tax profits for the year to November 1987.

On sales ahead by 15.8 per cent to £45.39m (£39.19m), taxable profits advanced by £845,000 to £5.32m. Of the increase, all but £75,000 came in the first half, reflecting raised promotional expenditure and a poor summer.

Mr Robin Barr, chairman, warned that the result for the current half year would be depressed by costs associated with the closure of five depots as part of a restructuring of its distribution network. The first half would also have to bear the start-up costs of a new canning line at Atherton.

"The last year will undoubtedly go down as a year of investment," the chairman said. Capital expenditure was a record £8m, spent on the new canning line and building extensions at Atherton and Glasgow.

Mr Barr said that the results had not been affected by the formation of the two giant drinks group early last year, Britvic Corona and Coca-Cola Schweppes.

Trading profits rose from £3.84m to £4.48m, an improvement in margins from 9.7 per cent to 9.8 per cent. The pre-tax result was struck after net interest receipts of £834,000 (£631,000), while tax absorbed £1.71m (£1.52m).

Earnings per share thus climbed by over 22 per cent to 57.07p (46.69p) per share; the dividend for the year was up 2p to 13p.

• comment

The Mandora acquisition will consolidate Barr as the largest of the UK's independent fizzy-drink makers, but that alone is hardly going to give the maker of Tizer and Irn Bru much clout in the battle with the recently-created majors. But however vulnerable Barr would prove to be to aggressive pricing tactics or a barrage of advertising, the fact that the company can generate record profits after four dreadful summers in a row speaks volumes for the company's efficiency. This should be further improved with the switch to a pre-order selling system for its small retail customers and the investment in a new canning line – but not immediately. The present half year will appear poor after the 48 per cent rise in the first half last year, but Barr should make £6m in the full year, and more if the sun shines this summer. Down 5p to 543p, the shares are on a modest prospective p/e of just over 8½.

Bunzl in £8m US expansion

By Maggie Urry

Bunzl, the fast-expanding paper and packaging group, announced two more US acquisitions yesterday, for a combined cost of £8.1m. The two companies made pre-tax profits totalling £2.1m in their latest reported years.

One of the two, Papercraft, has been on Bunzl's shopping list for two or three years. "We have come close to buying it at least twice," says Mr James White, Bunzl's managing director, "now we have been able to pay a lower sum than we might have before the market fall."

Papercraft distributes the same range of industrial disposable paper and packaging products as Bunzl's other US distribution businesses.thus improving buying power. It takes Bunzl further into the west coast where it has seven distribution centres.

Bunzl is also buying 60 per cent of Paper Group, a job-lot paper trading company based in Chicago with a substantial market share in Illinois, Indiana and Wisconsin, supplying printers and paper merchants. The other 40 per cent is being retained by the management.

B&C £10m loan stock buy

BY CLAY HARRIS

British & Commonwealth Holdings, the financial services and industrial group, has bought £10m of its own 10.5 per cent loan stock, 10 per cent of last month's £100m issue.

The purchase was described as a "treasury operation." The stock has not been bought in for cancellation, but will beretained for possible future sale in the market.

B&C separately declared unconditional in all respects the £189m takeover bid for Abaco **Investments,** its professional services associate company, after receiving acceptances which raised its total interest to 84.7 per cent.

Cope Allman

Cope Allman International, subsidiary of Hawley Group's Canadian associate Henlys, plans to repay its 7½ per cent redeemable unsecured loan stock before its imminent sale to a subsidiary of Talisman Management International. Of the £8m par value stock issued in the 1960s, only £1.02m is outstanding.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Banks (Sidney)	int	2.13	-	2*	-	6.63*
Barr (AG)	fin	9.75	-	8.5	13	11
Bespak	int	2	-	1.75	-	4.5
Cranbrook Elect§	fin	0.5	Feb 20	nil	0.5	nil
Dixons	int	1.3	-	1.2	-	4
M & G Dual Trust	fin	20.25	-	18.05	37.8	33.7
Oakwood	fin	1	-	4	1	4
Sthrn Business§	fin	2.9	Feb 24	2.2	4.6†	3.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Astra Holdings, Barbour Index, Cap Group, Courts (Furnishers), Howden, Jones Stroud, Parkfield, Ross Consumer Electronics, Stead and Simpson, Symonds Engineering, West Industries.

Finals- Neutronics, RCO Holdings.

FUTURE DATES

Interims-

Ariel Industries	Jan 29
Atlantic Assets Trust	Jan 28
Independent Investment	Jan 28

Finals-

Electronic Machine	Jan 21
Gestetner	Jan 21
Norsk Data	Feb 1

UK COMPANY NEWS

The Barker & Dobson board at yesterday's EGM: (left to right) Peter Lane; Maurice Cottle; John Fletcher, chairman and chief executive; and Keith McCartney.

Small shareholders back £2bn assault on Dee

Small shareholders in Barker & Dobson, the sweets and supermarket group, yesterday gave their overwelming backing to its £2bn bid for Dee Corporation – Britain's third largest food retailer and, by market price-tag, fifteen times the size of its bidder, writes Nikki Tait.

If the bid fails, they will face costs of around £2m, compared with an estimated £13m pre-tax profit in 1987. That thought, however, failed to deter the vast majority of shareholders who turned up at yesterday's extraordinary meeting from giving the board the necessary powers to implement the offer. Of the estimated 150 people present, less than a dozen shareholders voted against those powers. B&D's total shareholder list runs to 28,000.

After the meeting, Barker & Dobson said that proxies had also been heavily in favour of the offer – some 30m shares voted for, and under 500,000 against – with around 35 per cent of shareholders returning proxy cards. Ironically, those voting on proxy cards sent out by Dee – along with its letter to B&D shareholders warning of the offer's financing conditions – were 90 per cent in favour.

Critics of the bid, however, were vocal. "If you run before you can walk, you tend to end up with a bloody nose," suggested one shareholder – mingling his doubts with praise for B&D chairman John Fletcher's efforts since moving into the company 2½ years ago. "What if Tesco and Sainsbury launched a price war?" worried another, pointing to the hefty loans which B&D would adopt if its offer is successful. Others expressed doubts on the necessary disposal programme to pay back the loans.

But the supporters received a warmer hearing. "It's a magnificant challenge," enthused one investor, to a round of applause. And perhaps one lady shareholder summed the feeling up afterwards: "I'm in favour of courage," she remarked.

Bespak surges 89% halfway

BY PHILIP COGGAN

Bespak, specialised aeresol valve manufacturer, nearly doubled its interim pre-tax profits to £1.43m in the six months to October 30.

The 89 per cent increase on last year's first half profits of £759,000 was achieved on sales up 46 per cent to £9.01m (£6.16m). Sales growth was achieved across a wide range of the company's products, which include precision plastic mouldings as well as the valves used in aerosol sprays like Ventolin, the asthma drug.

Bespak has traditionally sold the bulk of its turnover to Glaxo, the pharmaceuticals giant, but the proportion of sales taken by Glaxo dropped slightly in the first half to around 50 per cent. Bespak is currently working closely with Glaxo in order to meet its needs for new drug delivery systems.

Sales to the US are developing satisfactorily and the company has acquired foreign exchange cover, up to the end of this financial year and beyond, to protect it from the effect of sterling's rise against the dollar.

After tax of £456,000 (£258,000), earnings per share were 97 per cent higher at 7.3p (3.7p). The interim dividend is being increased to 2p (1.75p).

The board expects profits for the second half to be around the level achieved in the first half.

•comment

Bespak has been damned because of its links with Glaxo in the past, so it is only fair that it should reap rewards when the drugs company is doing well. A late 1984 cut back in Glaxo orders cut Bespak profits by two-thirds; since then the company has been fighting to win new customers while keeping the vital Glaxo business. Thse figures illustrate that it has struck the right balance; orders from all its customers grew at a healthy rate. With the help of lower costs and a better product mix, margins were also up; the result is likely to feed through to pre-tax profits of £3m this year and £3.9m next. That puts the shares, up 10p to 210p yesterday, on a prospective p/e of just under 14, which seems fair.

NatWest US raises debt provision

By David Lascelles, Banking Editor

NatWest USA, the US subsidiary of the National Westminster Bank, has made a further provision of \$75m (£41m) against its loans to Third World countries because of the continuing uncertainty about sovereign debt. The move will put pressure on other UK clearing banks to raise their provisions as well, according to analysts.

This brings NatWest USA's total provisions to the equivalent of 35 per cent of its loans to 20 countries in financial difficulty, including a provision of \$220m made last June.

Mr Brian Duggan, a senior NatWest executive responsible for group subsidiaries and affiliates, said the decision to increase provisions against Third World loans had been taken "because the situation does not improve."

Yesterday's move by its US offshoot strengthened speculation that NatWest will make further provisions for the group as a whole for 1987. Half way through last year, NatWest provided £466m, the equivalent of 30 per cent of its loans to 35 countries. Since then, several US banks have boosted their provisions at year-end and created expectations of another round of provisioning.

NatWest, the largest of the UK clearers, has led moves by British banks to strengthen their Third World provisions.

Midland Bank expects to provide an additional £100m in its 1987 accounts, though not all necessarily for Third World loans. The bank has still not made a final decision on what action it will take. Lloyds Bank and Barclays Bank would be under pressure to match any provisions made by their competitors.

NatWest USA's provision has pushed it into a net loss for 1987 of \$212m, compared to a \$67.7m profit in 1986. Without these additional provisions the bank would have made \$78.1m profit due to the strength of domestic loan and retail deposit volumes and increased non-interest income.

R-R to cut back on foreign held shares

BY PHILIP COGGAN

FOREIGN SHAREHOLDERS in Rolls-Royce, the aero engine manufacturer which was privatised last year, have still not brought their holdings back below the 15 per cent limit set by the Government. The excess shares will now be forcibly sold after February 8, and many shareholders are likely to realise substantial losses.

Heavy buying from overseas was reported after Rolls-Royce was floated last May and the shares shot up from the 170p flotation price to a peak of 232p. By October, it was found that foreign investors held 21 per cent of the equity and in November, owners of 46m excess shares were told to dispose of their holdings - on the principle of last in, first out - by January 11.

However by January 6, five days before the deadline, only 11m shares had been sold and although some sales may still be in the process of registration, there is still expected to be a significant residue of foreign-held shares. Letters will be sent to excess shareholders on January 25 telling them that their shares will be sold after February 8; new certificates will be issued to the purchasers abnd the exisiting ones cancelled.

With the shares down 6p to 128p yesterday, it seems likely that the foreign shareholders will incur heavy losses. The share price has been hit both by the effects of the crash and the prospect of the sale of the foreign overhang.

Fredk. Cooper pays £7.4m for Park Rubber

By Clay Harris

Frederick Cooper, the specialist engineering company, is to pay £7.4m for Park Rubber Group, a maker of double-glazing seals and windscreen wipers.

The purchase will be funded through a two-for-one rights issue of 10.58m convertible preference shares, the proceeds of which will also be used to pay deferred consideration for two previous Cooper acquisitions and to raise £2.55m in cash.

Park will become part of Cooper's architectural ironmongery and security products division. Based at Sutton Coldfield, Birmingham, Park achieved profit before tax and directors' remuneration of £1.06m on sales of £6.3m in the year to June 30, when it had net assets of £1.8m.

Cooper stressed yesterday the high net margins and cash-generative nature of Park's operations. At yesterday's annual meeting, Mr Eddie Kirk, chairman, said Cooper had achieved sales breakthroughs in Japan and South Korea for its coated-coil products.

Each of the preference shares will pay a 6.5 per cent dividend and be convertible into 5.28 ordinary shares from February 1991, equivalent to a price of 189p (compared with yesterday's market price of 166p). The issue is underwritten by Charterhouse Bank.

Tarmac pays up early on Feb Intl gamble

BY CLAY HARRIS

MR GRAHAM Fisher's £50,000 bet on his management ability has paid off at nearly 8-1 more than two years ahead of time. Mr Fisher stayed on as managing director when Feb International, the quoted building chemicals company founded by his father, was bought by construction giant Tarmac last February.

Mr Fisher convinced Tarmac to let him retain a small minority of shares in the loss-making company for three years, after which he would be bought out at a price ranging from less than £5 to £1.05m, depending on Feb's profits.

Job cuts and disposals of loss-making businesses have put Feb on course to make £7m over the three years. Happy to tidy up the outstanding minority, Tarmac has now acceded to Mr Fisher's desire to move on to a new challenge, paying him £397,000 in cash plus his original £50,000 "stake" in Tarmac shares.

Mr Fisher has been succeeded at Feb by his long-time number two, Mr Peter Simpson, but will remain as a non-executive director. His attentions have now turned to property development and to the search for a suitable low-technology company in dire straits on which to exercise his recovery skills.

Parkdale in disposals

BY HEATHER FARMBROUGH

Parkdale Holdings, the Leeds investment property and financial services company, has agreed the sale of two of its financial services businesses to Johnson Fry, the quoted Business Expansion Scheme advisor.

This follows a review of Parkdale's businesses undertaken by Mr Robert Breare, who became chief executive in June. "We decided we either had to be a big player in financial services or not at all."

Mr Breare will also be acting as chairman for the time being, following the resignation yesterday of Mr Nicholas McMahon Turner, who has been chairman for six months. "He resigned to follow other interests," said Mr Breare.

Parkdale has identified three or four possible candidates for the post.

Johnson Fry is buying Parkdale Portfolio Management and Parkdale Management Services for a maximum consideration of £540,000.

Parkdale is keen to develop a commercial trading division in addition to its property activities. In December, it announced the acquisition of Clifford Barnett, a property company which specialises in leisure developments for a maximum of £15m.

Guinness buys in shares

By David Waller

Shares in Guinness added 4p to 300p yesterday, despite a fall in the market overall, after the drinks giant disclosed that it had started to buy its own shares. The step was in line with policy first declared last November and for which approval was won from shareholders at an extraordinary meeting last month.

Guinness spent a total of £5.37m in buying 1.8m shares, an average price of 298.5p. At the EGM, Guinness was given the authority to buy up to 83m shares, or one tenth of its issued capital, at up to 5 per cent over the market price over the 10 days before

Guy Cramer acquires big Spectrum stake

BY PHILIP COGGAN

A GAME of corporate "Pass the parcel" was successfully completed yesterday when a major holding in a small company was transferred from one entrepreneur to another via the auspices of the acquisitive conglomerate, Parkfield Group.

The "parcel" was a stake in Spectrum, a microcomputer distributor which had joined the USM in June 1984 and which slumped into losses shortly afterwards as the UK home computer market declined. The businessman selling out was Mr Neil Scott, the ex-chairman and founder of Owners Abroad; the man buying in was Mr Guy Cramer, who, together with Mr Peter Clowes, recently took control of Buckley's Brewery.

Arranging the deal was Mr Roger Felber, the former Air Florida executive who has turned Parkfield from a struggling steel foundry into a diversified industrial conglomerate with a market capitalisation of £145m.

Parkfield had acquired Spectrum's photographic distribution business in January last year and also had a small stake in the company. "I heard that Mr Scott wanted to sell his stake" said Mr Felber "and that Mr Cramer was interested in buying. So I put the two together and made a turn in the deal. We also hope that our remaining stake will now increase in value".

Last year, Parkfield had also briefly held a 29 per cent stake in Spectrum, before selling the bulk of its holding to Mr John Sadiq, a businessman who then sold on to Mr Scott.

The mechanics of this year's deal were that Mr Scott sold 3.95m shares (24.3 per cent) to City Guarantee, a subsidiary of Parkfield, which then sold 4m shares (24.7 per cent) to Cramer Holdings, Mr Cramer's investment vehicle. City Guarantee will retain 700,000 shares (4.3 per cent).

Mr Scott acquired his stake in Spectrum last September and announced plans to move the group into the leisure field via the purchase of a snooker chain, a hamburger company and a restaurant chain. But the crash sharply hit Spectrum's shares which dropped to a low of 36p, compared with the September high of 128p, and the companies Mr Scott was interested in buying backed away from the deals.

Cramer Holdings said it regarded the stake as a long term investment and it hoped to help Spectrum expand in related fields, such as computers and distribution. Spectrum said it hoped to meet Mr Cramer shortly.

Mr Cramer, who began his career selling china in Leeds market, first moved into the public eye two years ago when the private company Property Pension reversed into James Ferguson Holdings and he became chief executive at the age of 24.

Since then, Mr Cramer has stepped down in favour of Mr Clowes as chief executive at Ferguson but the pair have cooperated not only in taking over Buckley's but also in acquiring a major stake in C H Bailey, the ship repairer and engineer.

Oakwood runs up a loss and cuts dividend by 3p

Oakwood Group, a small sanitaryware wholesaler and civil engineer in which a consortium of investors gained a controlling stake last summer, incurred a loss of £247,000 pre-tax for the year to September 30 compared with previous profits of £155,000.

Loss per share amounted to 12p (earnings 4.2p) and the dividend for the year is cut by 3p to 1p.

Since the takeover significant steps have been taken to eliminate the substantial losses run up over the year by Frank Love, the offshoot which distributes building products.

Restructuring and rationalisation of the subsidiary was expected to be reflected in the second half of 1988.

Chartered accountants Spicer & Pegler have been appointed to review the unaudited interim accounts for the half year to March 31 1987. The results of the review will be reflected in the annual report and accounts.

At year-end net tangible assets per share amounted to 197.3p (177.1p).

Ramco Oil sale to cut borrowings

Ramco Oil Services has sold the assets of its Project Services businesses to Rigblast Holding, a specialist in hook-up, painting and related contracts.

Ramco said the sale, for cash, along with asociated reductions in working capital would release over £900,000, which would be used to reduce indebtedness. The book value of assets sold was £185,000.

Ramco will concentate on its tubular services business and related activities.

Multitone cuts deficit as outlook improves

THE DIRECTORS of Multitone Electronics, maker of specialised communication systems, said the outlook was improving and that they were hoping for more satisfactory results following two years of losses totalling £1.87m.

They believed operating profit would grow in the coming years, and be backed up by more stable development and interest costs.

For the half year ended September 30 1987 turnover rose from £9.87m to £11.69m and operating profit from £747,000 to £1.03m.

However, that was insufficient to offset development expenditure of *£897,000* (£725,000) and interest costs, and the group was still in loss, albeit reduced to *£146,000* (£235,000).

The loss per share came out at 1.1p against 1.9p last time.

In the current half year plans *for new products, to enhance* future growth and competitiveness, necessitated a further *marginal increase in volume of* developmment work.

Greenwich Resources boosted by interest

Greenwich Resources more than doubled profits from £302,000 to £788,000 in the year to end-September 1987. This was due mainly to interest from money advanced to the government of Sudan under the terms of a joint venture agreement.

The UK-based mining company received interest of £1.22m (£260,000) in the period under review. This included £1.15m on advances to Sudan, £501,000 relating to the current year and £649,000 relating to previous years. Turnover was down to £162,000 (£432,000).

Interest payable rose to £390,000 (£5,000) due to increased borrowings to finance the initial stage of the acquisition of United Goldfields Corporation of Australia for £15m and to fund the completion of the Gebeit gold mine development in north Sudan. The directors said modifications were taking place at Gebeit to achieve maximum throughput.

Exploration work in Egypt had progressed well and three drilling targets for gold mineralisation had been identified. A percussion drill programme was underway. Exploration work had also taken place in south-east Venezuela and an exploration dredge had been carried out on the Caroni river.

The directors said the *new treatment* plant in Sudan and vat leach operations had also contributed to the results. Earnings per share more than doubled from 1.4p to 3.6p.

Cranbrook maintains recovery

Further progress in its recovery was made by Cranbrook Electronic Holdings in the second half of 1986-87, and it is returning to dividends. The current year is expected to show a further significant improvement.

The second half saw a profit of £144,000 giving a total of £209,000 pre-tax for the year ended September 30 1987, compared with a loss of £361,000. After a year's absence the dividend is again 0.5p.

Cranbrook, which is quoted on the USM, distributes *electronic products.* The first half of the current year would not yet fully *reflect the strengthened* management team and *increased range of products available,* the directors pointed out.

In 1986-87 turnover rose 31 per cent to £8.66m and was achieved without any material increase in stockholding.

Gnome rises to £248,000

Gnome Photographic Products returned profits of £247,640 for the six months to November 30, an improvement of £17,178 over the figures for the first half of the previous year.

There was a £15,885 lower contribution from the sale of quoted investments at £24,305 following the October crash. The directors said unless there was an upturn in the stock market the contribution to year-end profits from this source would be reduced. Overall, they expected full year profits to be no less than 1986-87's £469,832.

Turnover for the opening half totalled £1.2m (£1.08m). Earnings amounted to 6.38p (5.95p) after tax of £87,500 (£81,000).

Fleming Claverhouse

Net asset value of the Fleming Claverhouse Investment Trust rose from 235.5p to 256.7p in the year to December 31 1987. Net revenue for the period increased to £1.76m (£1.62m).

Tax took £476,000 against £474,000 last time, leaving earnings per share of 6.4p (5.74p).

A final dividend of 4.55p is proposed, making 6.25p (5.65p) for the year.

Fleming Overseas

Fleming Overseas Investment Trust saw a reduction in net asset value to 178.2p at December 31 1987 compared with a corresponding 218p.

In the six months to end-December, available revenue rose to £1.68m (£1.37m) after tax of £839,972 (£710,811). Earnings per 25p share were 1.25p (1.03p). The interim dividend is maintained at 1p.

ML seeks £13m towards next expansion move

BY ANDREW HILL

ML Holdings, the acquisitive manufacturing engineer, yesterday announced a £12.8m one-*for-three rights issue to fund* further acquisitions and capital investments.

The group, with interests in aviation, electronic engineering and defence systems, has bought five small businesses in the last 18 months. The issue at 110p per share, against the current price of 122p, will enable it to continue this policy and support organic growth.

"We are business-builders and this gives us a chance to carry on building," said Mr *Peter Pollock, ML's chief executive.*

In the short-term the group will use the cash to repay bank borrowings of about £8.8m at December 31, 1987. It is also planning changes to its articles which would increase its borrowing powers from around £16m to £37m.

ML will probably try to acquire small specialised manufacturing companies in the defence and aviation industries. It favours such small-scale operations and has just divided its aviation subsidiary into six smaller units.

Analysts regard the rights issue as a brave move under current market conditions but approve of ML's aggressive management style.

They expect pro forma pre-tax profits of about £5m for the year ending March 31, 1988 and have revised predictions for 1988/1989 from £7m to £8m assuming no acquisitions are made.

There are fewer opportunities for acquisitions in railway signalling systems - the group's other main interest - but ML is confident of winning contracts related to the building of the Channel Tunnel.

Lendu stakes

Chillington Corporation, overseas trading, plantation and engineering group, has increased its holding in Lendu, rubber producer and investment group, from 550,000 to 655,000 shares (20.47 per cent).

Rowe Evans Investments has reduced its holding from 33.9 per cent to 6.42 per cent.

In December, Lendu raised £1.2m in a rights issue to finance acquisitions and to develop Indiallz, a sheep farm in Western Australia.

M & G Dual Trust

M & G Dual Trust raised gross revenue from £2.73m to £2.98m in the year to December 31 1987 and earnings per share from 33.7p to 37.79p.

A final dividend of 20.25p (18.05p) is recommended, making a total of 37.8p (33.7p) for the year.

Deposit interest was just £679 (£1,299) and tax charge rose to £803,839 (£791,503).

BUSINESS LAW

Delaware's anti-takeover pill

By Leo Herzel

ON JANUARY 5 the Delaware Bar Association recommended the adoption of a new anti-takeover law. Since most large public companies in the US are incorporated in Delaware, enactment of any anti-takeover law by Delaware would be an important event for US corporate law.

Usually in Delaware a recommendation for a change in company law by the Bar Association is tantamount to quick enactment, without controversy, by the state legislature. Delaware has learned that keeping its company law up-to-date and out of politics pays off. But the prospect of an anti-takeover law is so controversial that it may not be so easy to keep the bill out of politics.

Earlier this year, after the US Supreme Court had held that an Indiana anti-takeover statute was constitutional, the Delaware Bar Association considered and rejected a statute similar to the Indiana law*. The main reason for the rejection was doubt about whether the Indiana law would make takeovers harder or easier. Ambivalence has been an important factor in the difficult negotiations over the present draft bill, which is a modified, softer version of an earlier one that had been widely circulated for comments and considered by the Council of the Corporation Law Section of the Delaware Bar Association on December 11.

The bill is modelled on a New York law but is far less drastic#. Its key provision prohibits an interested stockholder from entering into a wide range of transactions with the company for three years. An "interested stockholder" is defined in the bill as one who owns 15 per cent or more of the company's voting stock; affiliates of an interested stockholder are also subject to the same prohibition. Transactions that are prohibited include mergers, certain sales of assets and stock, and similar transactions which are called "business combinations" in the bill.

This prohibition would not apply to a person who became an interested stockholder before a still unspecified effective date, or with the approval of the board of directors, or after the board approved the business combination with the company. Also excluded from the impact of the prohibition would be a person who acquires 85 per cent of the company's voting stock, excluding that held by directors who are also officers of the company and certain employee stock plans.

The prohibition can also be avoided if the combination is approved at a meeting by the owners of two thirds of the company's voting stock, excluding shares owned by the interested shareholder. Any existing interested stockholder is released from the constraints imposed by the law if a majority of the unaffiliated members of the company's board of directors supports certain types of business combinations, such as a merger, sale of 50 per cent or more of the assets or a tender for 50 per cent or more of the voting stock. Subject to certain restrictions, a company would be allowed to opt out of the new law at various points.

The bill is not likely to have as powerful an effect on the takeover market as some fear. It does not interfere with any right of an interested stockholder to make a tender offer directly to the stockholders, nor does it interfere with market purchases of additional shares by an interested stockholder, nor does it prevent an interested stockholder from electing its own board of directors, nor does it interfere with a proxy contest by an interested stockholder to elect a board of directors.

The bill, if adopted, would not prevent an interested stockholder who has attained control of a target from carrying on the company's business, ordinary or extraordinary, so long as the transactions were with unrelated parties or with the consent of the board and two thirds of the disinterested owners of voting stock.

The most important practical effect of the bill on the takeover market is that for a three-year period it would be more difficult for a successful bidder to eliminate minority stockholders using a squeeze-out merger or similar self-dealing transaction. Who would be harmed and who would benefit from this restriction? Highly leveraged bidders would be harmed since they usually need immediate control of the targets' assets to satisfy lenders. This, to some extent, would shift the initiative in hostile business combinations to buyers with cash who can wait three years to take complete control of the targets' assets. With a cheap dollar, one likely group to benefit from the law would be large foreign acquirers. In negotiated transactions, including those with white knights, highly leveraged acquirers would still be a competitive factor in the takeover market for Delaware corporations.

Stockholders of Delaware target companies would be the likely short-term losers from the bill. Bid prices in takeovers probably would be lower and there may be fewer of them since there would be a reduction in competition among bidders. Managements of potential targets are likely to benefit from the reduction in competition in the takeover market, but the bill does not come close to insulating them from takeovers.

Seen in perspective, the defensive potential of the bill does not seem as great as that of the poison pills now on the market. These are the primary takeover defence of many large companies. They are intricate securities or warrants issued by a company to make itself prohibitively expensive to acquire in a hostile takeover bid. They are adopted by boards of directors without shareholders' approval.

The bill has one advantage over poison pills, it eliminates an important pressure on target directors who are relying on them. Bidders frequently confront those directors with a favourable offer and demand that they redeem the pill or take the risk of infuriating their stockholders and possible legal liability. This kind of pressure would be much more difficult to apply against directors who are relying on a Delaware law rather than a poison pill of their own devising.

An intriguing question is why would Delaware adopt such a bill? So far, the state has avoided anti-takeover laws except for a bland and ineffective tender offer disclosure law that was repealed earlier this year. From the standpoint of self-interest, Delaware lawyers and politicians should be firmly against anti-takeover laws. The Delaware Bar and the state generally benefit enormously from takeover activity and the associated legal controversies, most of which are centred on Delaware courts.

However, since the burst of new state anti-takeover laws that followed the US Supreme Court decision in the *CTS* case, Delaware lawyers and politicians have become convinced that the state must have an anti-takeover law if it is to remain the primary place of incorporation for large companies in the US. In short, Delaware did not rush out with the bill, it was dragged out by competitive forces. That lack of enthusiasm shows plainly in the bill's many loopholes.

Although there is some difference of opinion on the matter, it appears highly likely that the bill would be held constitutional under the US Supreme Court's opinion in the *CTS* case on the ground that it regulates only the internal affairs of corporations chartered in the state.

** Herzel and Shepro, The Limits of Indiana's Anti-takeover Legislation, Financial Times May 8 1987; Herzel and Shepro, Delaware: No Hostility to Takeovers, Financial Times July 9 1987.*

 # New York Bus. Corp. Law S.912 (McKinney 1986).

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY-Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1986							
2nd qtr.	109.7	104.0	97	121.3	154.0	3,203	175.6
3rd qtr.	110.9	105.0	96	123.7	158.7	3,202	200.2
4th qtr.	111.1	107.4	96	126.5	164.2	3,141	213.0
1987							
1st qtr.	111.9	107.3	95	125.4	157.9	3,073	210.4
2nd qtr	112.4	109.4	96	128.2	164.0	2,965	226.1
3rd qtr	114.7	111.8	92	131.8	171.8	2,827	241.3
April	112.5	109.0	96	130.0	169.6	3,018	217.7
May	113.1	109.6	96	125.4	161.2	2,952	230.5
June	111.7	109.8	96	129.4	167.2	2,925	232.7
July	114.4	111.4	94	131.2	172.7	2,876	235.2
Aug.	115.2	112.1	93	132.5	171.0	2,828	236.9
Sept.	114.4	112.0	92	131.8	171.0	2,773	246.4
Oct.	115.4	113.2	94	133.0	180.2	2,712	251.4
Nov.				134.4	186.4	2,649	263.2

OUTPUT-By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invest goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1986							
1st qtr.	103.9	100.8	114.9	99.7	100.1	103.1	14.6
2nd qtr.	105.5	101.1	115.7	102.6	102.6	104.1	19.5
3rd qtr.	106.4	101.2	117.5	103.0	102.5	103.2	19.4
4th qtr.	108.5	103.3	116.5	105.3	115.6	104.3	15.5
1987							
1st qtr.	108.0	102.9	117.3	105.0	112.8	101.9	17.4
2nd qtr	110.8	103.0	117.6	105.9	118.9	105.7	19.6
3rd qtr	113.1	106.3	119.3	109.2	119.9	107.2	20.2
May	111.4	102.6	118.8	105.0	119.0	106.0	20.6
June	110.7	103.5	116.1	106.0	122.0	105.0	20.2
July	112.8	105.2	119.4	108.0	120.8	107.0	20.9
Aug.	113.5	106.1	120.2	109.0	123.0	108.0	17.9
Sept.	112.9	107.5	118.2	110.0	117.0	107.0	22.2
Oct	114.4	108.2	119.2	111.0	125.0	109.0	17.9
Nov							17.1

EXTERNAL TRADE-Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1986							
2nd qtr.	121.9	129.1	-1,606	+146	+765	102.5	19.29
3rd qtr.	122.6	139.0	-2,391	-856	+621	103.2	22.42
4th qtr.	130.5	144.0	-2,725	-989	+785	100.9	21.92
1987							
1st qtr.	130.0	139.2	-1,135	+672	+1,164	100.5	27.04
2nd qtr	128.3	140.7	-2,382	-459	+1,082	102.7	34.26
3rd qtr	130.7	151.9	-3,048	-1,146	+942	103.3	34.81
May	124.2	144.8	-1,107	-532	+365	103.3	34.68
June	123.4	139.1	-746	-174	+245	104.4	34.26
July	130.9	147.8	-925	-391	+294	103.1	34.91
Aug.	128.5	155.1	-1,507	-872	+372	102.9	34.26
Sept.	134.6	150.1	-617	+17	+286	104.0	34.81
Oct.	132.4	149.1	-882	-282	+366	104.9	41.40
Nov.	135.1	153.9	-1,195	-595	+341	103.9	41.28
Dec.							44.30

FINANCIAL-Money supply M0, M1 and M3 (three months' growth at annual rate); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1986							
2nd qtr.	3.1	25.9	27.2	+6,456	1,432	+346	10.00
3rd qtr.	5.9	30.3	15.4	+6,995	169	+792	10.00
4th qtr.	7.5	15.3	14.1	+10,516	2,814	+444	11.00
1987							
1st qtr.	1.2	20.6	20.2	+6,732	1,465	+952	10.00
2nd qtr	3.3	29.7	20.3	+8,554	1,804	+1,028	9.00
3rd qtr	8.1	25.2	21.7	+11,445	1,211	+850	10.00
May	5.5	37.6	22.8	+2,502	521	+294	9.00
June	4.5	30.8	21.9	+3,979	556	+334	9.00
July	7.7	34.5	24.2	+4,530	247	+241	9.00
Aug.	7.1	22.5	21.0	+2,633	687	+308	10.00
Sept.	9.5	19.5	21.4	+4,321	197	+412	10.00
Oct.	6.9	36.7	28.0	+2,972	812	+406	9.50
Nov.	7.1	23.2	21.3	+3,308	1,126	+173	9.00
Dec.							8.50

INFLATION-Indices of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931 =100); trade weighted value of sterling (1975=100)

	Earn-ings*	Basic matls.*	Whsale. mnfg*	RPI*	Foods*	Reuters' cmdty.	Sterling
1986							
1st qtr.	179.1	132.4	143.3	96.5	95.9	1,825	75.1
2nd qtr.	184.0	125.8	145.7	97.8	98.7	1,714	76.1
3rd qtr.	187.4	120.8	146.3	97.9	98.3	1,404	71.9
4th qtr.	191.9	127.4	147.4	99.1	98.3	1,606	68.2
1987							
1st qtr.	192.0	129.8	149.3	100.3	100.5	1,580	69.9
2nd qtr	196.0	128.7	150.9	101.9	101.8	1,598	72.8
3rd qtr	202.0	131.0	151.6	102.1	100.5	1,647	72.7
4th qtr		132.7	153.2			1,683	74.9
May	198.1	128.0	151.0	101.9	102.2	1,612	73.2
June	200.0	129.7	151.1	101.9	101.6	1,639	72.6
July	203.1	130.5	151.3	101.8	100.4	1,632	72.8
Aug.	201.5	131.3	151.5	102.1	100.7	1,685	72.3
Sept.	201.4	131.1	152.0	102.4	100.4	1,653	73.1
Oct.	203.4	131.0	152.3	102.9	101.1	1,662	73.6
Nov.		131.6	153.2	103.4	101.6	1,682	75.4
Dec.		135.6	153.5			1,797	75.8

*Not seasonally adjusted
†Net changes in amounts outstanding, excluding bank loans.

APPOINTMENTS

Divisional chief for Tarmac

Mr Neville Sims has been appointed chief executive of TARMAC's construction division. He succeeds **Mr Alan Osborne** who is chairman of the construction division and Tarmac International. In 1984 Tarmac Construction International was formed, by combining Tarmac National Construction and Tarmac International, and Mr Simms was appointed joint managing director, responsible for all major building works in the UK and overseas. The following year he was appointed managing director of Tarmac Construction's regional operations responsible for projects carried out by the company's 12 area offices throughout the UK.

★

THE BOSTON CONSULTING GROUP has elected **Mr David J. Hall** to the new post of senior vice president.

★

Dr Gerry Thomas has been appointed president and chief executive of LSI LOGIC EUROPE, Bracknell. He was president of Schlumberger Instruments, and managing director of Schlumberger Measurement and Control (UK).

★

Mr John Crockett has been appointed commercial director of RUMBELOWS. He was general manager, buying and marketing, with the Co-operative Wholesale Society.

★

GRESHAM UNDERWRITING AGENCIES has appointed **Mr Martin J. Williamson** as financial director.

★

BUCK PATERSON CONSULTANTS has appointed **Mr Iain B. Walker** as consultant and actuary.

★

GALLIFORD SEARS ESTATES, house-building division of Sears, has appointed **Mr John Barton** as an assistant managing director responsible for land acquisition and development. He was a managing director of Ideal Homes. **Mr Barry Clapham**, finance director, becomes assistant managing director responsible for finance and sales.

★

Mr Jeremy Colman has been appointed a director of COUNTY NATWEST with responsibility for overseas privatisation work. He joins on February 1 from HM Treasury, where he was head of the communications, steel and aviation industries division.

★

BEAVERCO has appointed **Mr Paul Richards** as a non-executive director.

★

Mr Christopher Davis – a director of TRENCHERWOOD – has been appointed managing director of Trencherwood New Homes (Central). **Mr Ray Goodenough** becomes production director, **Mr Simon Barrett** becomes surveying director, and **Mr Norman Kernutt** is promoted to land director. **Mr John Mills** has joined the company from Wimpey Homes, as managing director of Trencherwood New Homes (Western), assisted by **Mr Mike O'Dougan** who becomes production director. **Mr Ron McDowell** becomes managing director of Trencherwood Retirement Homes; and **Mr Paul Crispin** is made group purchasing director of Trencherwood Construction.

★

UNITED FORKTRUCKS has appointed **Mr Philip Hartley**, UK service manager, to the board.

★

Mr Alan Freeman has been appointed deputy managing director of FOOD BROKERS. He was sales director of the grocery division. **Mr Hamish Gibson** becomes group sales director. **Mr Allan Graves** joins the group board.

★

Mr Philip Powell, previously director and general manager, becomes managing director of LEP FAIRS, and two managers join the board. They are **Mr Barry Miles** as operations director, and **Mr Andrew Bernard** as finance director.

★

Mr Oliver Cahn has been appointed technical director on the board of APPLIED RETAIL TECHNOLOGY.

★

Mr C.A. Woodhams has been appointed to the board of GREIG, MIDDLETON & CO., following the purchase of C.A. Woodhams & Co by Greig Middleton Financial Services, a wholly-owned subsidiary, of which Mr Woodhams becomes managing director. **Mr Charles Keeper**, previously a regional manager for N.M. Schroder Financial Management, joins the board of Greig Middleton Financial Management.

★

Mr Keith Hatter has been appointed to the board of PRIVATE ACCESS STORAGE.

★

Mr Graham Orme, production manager, has been promoted to production director of PERRY BARR METAL, a Birmid Qualcast company. **Mr Dennis Biddle** is promoted to engineering and development director; **Mr Michael Shenton**, sales manager, becomes sales director; and **Mr Martin Raybould**, sales executive, is promoted to sales manager.

2001 an ecological odyssey

London, January 2001.

IT WAS a calm, crisp winter's afternoon as Darren drove his silver hovercar up his drive. The cat, asleep on the front doorstep, hardly stirred as he switched off the noiseless, odour-free engine.

From the back seat, Darren grabbed the bag of groceries he had collected from the underground shopping mall. Holding the strong recycled paper bag in his arms he reflected how shortsighted retailers had been in the 1980s – the years of the plastic bag.

Millions of carrier bags, he pondered, lay buried throughout the UK – and would lie there for decades. No thought had been given to the way plastics could be re-claimed or the long-term benefits of using environment-respecting materials.

He took the groceries up into his apartment and started to unpack. Most items were wrapped in recycled paper, although looking at the bright colours and fine textures it was hard to distinguish it from the expensive "virgin" paper he so rarely saw nowadays.

Where food was wrapped in plastic, it was colour coded according to the types of plastic polymers it contained. After it had been discarded, Darren would sort it out and throw it into one of a line of small bins he had arranged outside his back door.

All the bottles were glass. It was heavier, Darren had to admit, but like the modern paper carriers it gave a far more distinctive feel to the products and he could claim a refund when he returned bottles to the store. The beer he had bought to toast the new century was in aluminium cans with a bright label on the top indicating that they did not contain impurities and were suitable for recycling.

Darren made himself a cup of coffee and took it into the lounge. Seeing his electronic Filofax on the sofa, he began calculating the size of the cheque he could expect from the National Waste Recycling Office next month.

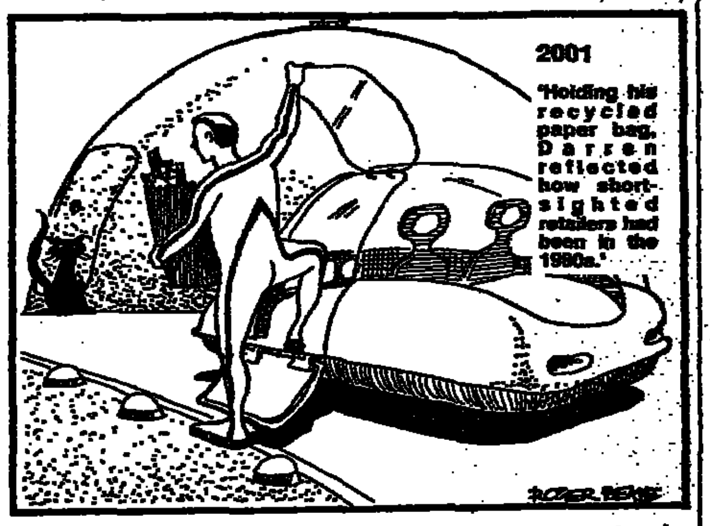
The built-in microcomputer took less than a second to produce an answer that quite satisfied Darren. If he carried on at the same rate, he thought, he might be able to afford that space holiday he had promised himself by the end of the year.

1987

Richard Street, operations manager at Cleanaway's Rainham site, which is home to 6,000 tons of rubbish a week.

Laying waste to England's green and pleasant land

Ralph Atkins examines the mounting problem of domestic rubbish



2001

'Holding his recycled paper bag, Darren reflected how shortsighted retailers had been in the 1980s.'

ON FLAT Essex marshland beside the broad, grey Thames estuary, three small hills are appearing above the water.

Each week further contours are added to the landscape – as about 6,000 tons of rubbish are brought up the river Thames from the City of London and borough of Westminster.

Eventually the hills will rise up to 12 metres above river level. Covered in a deep layer of soil, they will be used as a recreation area – but remain a monument to the effluence of the affluent 1980s.

Few Londoners can know where their rubbish goes after it is emptied into the dustbin. It is not an appealing subject for discussion. But in a world of finite resources, it probably deserves more attention.

Britons produce about 20m tons of domestic waste a year. Rich in plastics, paper, glass and textiles as well as being a useful energy source, it could yield more than £100m a year if recycled. Industry, agriculture and mining operations produce about a further 400m tons of waste a year.

Britain is also gaining a reputation as the "dustbin of Europe" because of its lazy attitude towards dumping rubbish in the sea and its willingness to accept waste from abroad. There is criticism that the Government has no coherent waste policy and that responsibility falls uneasily between local authorities, quangos and central government departments.

Yet there is no shortage of ideas about recycling waste. Like the increasingly common bottle banks and waste paper collections, most use relatively simple technology.

The difficulty is persuading people that rubbish has a further use once it has been thrown in the dustbin. And even if individuals pre-sort rubbish and are willing to transport it to central collection points, there are usually many hurdles to overcome if a scheme is to be economically viable.

Instead, since at least Victorian times, Britain has buried most of its rubbish at landfill sites, with only a small proportion going for incineration. There are now some 4,000 landfill sites in England and Wales, mostly run by private operators.

The Rainham site is operated by Cleanaway, a joint enterprise between GKN, the UK engineering group, and Brambles, the Australian materials handling company. In total, the group operates 12 landfill sites around the country.

Landfill offers a cost efficient disposal route for local authorities responsible for refuse collection. It can be used for reclaiming marshes, filling disused quarries or rejuvenating former industrial wasteland. Methane gas generated by decomposing putrescible matter can be harnessed for fuelling local industry or providing electricity.

On the flip side are the aesthetic arguments – particularly when sites are near houses or naturally beautiful areas. There is also a danger of explosions from methane or subsidence if developers are impatient in using landfill sites for construction.

To ensure waste is disposed of carefully, without damage to the environment, Cleanaway boasts detailed procedures for the domestic and industrial wastes it handles.

The Rainham site dates from the turn of the century. Since 1983, however, it has benefited from heavy capital investment in an unloading station that can hold six barges and is covered to stop wind creating an unsightly trail of litter.

Large mechanical grabs transfer giant handfuls of rubbish into compressors which pack it into tractor-tyred lorries. The rubbish is emptied onto one part of the 200-acre site at a time, it is compacted further and, by the end of each day, it is covered with soil. It takes about 20 years for bacteria to digest the domestic waste.

Richard Street, operations manager based on the site, has become an expert in London's rubbish and can sometimes identify its origin. He emphasises the importance of 'bacterial engineering in breaking down rubbish.

"What we have got here is a piece of land which is in practice a large living organism," he says.

Landfill sites in Britain are controlled by a tangle of regulations and statutes. The problem, argue critics, is that, without adequate monitoring, too much is left to the goodwill and responsibility of private sector operators.

Shortly before Christmas, Her Majesty's Inspectorate of Pollution started an urgent review of methane emissions after a series of explosions on landfill sites. Its action highlighted the shortage of information that local authorities had about landfill sites.

Friends of the Earth, the environmental lobby group, argues that, if properly managed, landfill is a safe disposal route, but it points to a potential scarcity of suitable sites for future use.

Adrian Judd, recycling worker at FOE says: "In the south east there is between 13 and 15 years' worth of landfill sites for the region. So what happens when it starts to run out?"

Rather than see rubbish exported futher afield – with accelerating transport costs – FOE would prefer that more thought be given to reclaiming materials. Recycling in Britain is growing but, compared with European countries, it is still in the early stages of development.

The number of bottle banks in the UK, for example, increased from 17 in 1977 to 2,500 by 1985. But although the scheme has proved profitable for glass manufacturers, figures for 1984 show Britain recycled just 2.2kg of glass per head. Switzerland recycled 21.7kg.

At the same time the 4.45bn drinks cans, 7.7m tons of paper and board, 830,000 tons of lubricating oil and 2.6m tons of plastic used each year in the UK, are barely tapped for recycling.

In East Sussex, however, progess is being made in using waste as a source of energy. Since 1979, the county council, in conjunction with private companies, has experimented with solid fuel pellets made from rubbish at a pilot plant in Eastbourne.

By a process of shredding, extrusion and drying, the plant produces about 5,000 tons of pellets from 20,000 tons of rubbish. These are used to heat council buildings and sold to private companies – particularly market gardeners.

Since 1984 the operation has been run by East Sussex Enterprises, a private company set up by the council, which has plans to expand the scheme. A plant is currently being built on the Isle of Wight to make about 20,000 tons of pellets a year. Another planned for Hastings could produce 30,000 tons of fuel.

Although the pellets cannot be used in smokeless zones and in spite of the difficulties of marketing a strange fuel, the council believes it is economically viable. A long-term financial appraisal is being prepared, but first indications are that it costs half as much to send rubbish for conversion into fuel as it does to send it to a landfill site.

WORTH WATCHING

Edited by Geoffrey Charlish

Dog fight pilots grounded by BAe

BRITISH Aerospace has made its first sale of a twin dome combat flight simulator, in which two pilots can engage in aerial combat without the expense of flying real aircraft. The simulator has been handed over to the Royal Air Force at RAF Coningsby in Lincolnshire.

Conventional flight simulators have a single flight deck and are mostly used by airlines and air forces to teach pilots to fly specific aircraft types. In the Air Combat Simulator (ACS), from BAe, basic training can be carried out on a number of aircraft types but can then be followed by dog fight exercises in which each pilot deals with his opponent's aircraft in a computer-projected view surrounding the cockpit.

Alternatively, the pilot can fight the computer, which is capable of generating multiple aircraft situations and providing missile attacks with which the trainee must cope.

Printed reports from the simulation computers give an accurate evaluation of pilot performance. Apart from cutting the cost of training, which can be concentrated into the significant parts of each sortie, the ACS can be used to test new tactical concepts in complete safety.

ERA fires interest in low-heat circuits

ERA TECHNOLOGY of Leatherhead, the UK electrical research group, is to evaluate production aspects of the new low-temperature forms of co-fired alumina circuits for use in the electronics industry. The work will be carried out on a shared cost basis with a group of clients.

In co-fired circuits, alternate layers of insulating ceramic and printed, conductive ink tracks are laid down, pressed together and fired in an oven. Punched holes filled with the ink form connections between the layers, giving a multilayer circuit that yields the dense interconnections needed in modern electronics.

The result is a ceramic plate on which chips and other components are mounted, offering superior performance but involving complicated processing and high-temperature firing.

A more recent technology allows lower temperature firing and simpler processes. A glass-filled ceramic permits firing at only 850 deg C (as opposed to 1,500 deg C). The conductive inks used in the multiple layers have similar thermal expansion properties to the ceramic, so that firing produces no distortion.

High circuit density and operating speed, low cross-stalk and good reliability are claimed, which is why ERA believes the technology should be examined for UK users.

Holography put under the microscope

HOLOGRAPHY, so far associated only with visual images and light beams, has been extended to electron beams for use in electron microscopes. A team at Tubingen University in West Germany claims it has produced the first high resolution electronic holograms, enabling researchers to see the microscopic structure of matter in 3D.

Ordinary holography creates the illusion of a solid object in space using a specially recorded photographic plate. To make the plate, two beams of monochromatic (single wavelength) light are used. One, a reference wave, mixes with light reflected from the object to make a characteristic striped "interference" pattern on the plate. Then, when a beam passed through the developed plate is mixed with the same reference beam, the image is reconstituted in space.

At Tubingen, a team has achieved similar results in an electron microscope by splitting the beam and using the two parts to give an interference pattern which is turned into a visible image by a computer.

CONTACTS: British Aerospace: UK, 0772 633333. ERA Technology: UK, 0372 374151. Tubingen University: contact German Research Service in Bonn, 228 302210.

COMMODITIES AND AGRICULTURE

Chris Sherwell on the restructuring of Australian production

Packer bids for cotton crown

AUSTRALIA'S highly efficient cotton industry is undergoing a significant restructuring which promises a greater concentration of ownership, almost certainly in Australian hands.

The shift first became apparent last year, when the US group J.G. Boswell, one of the world's largest producers, sold its Australian operation, Auscott, to the Sydney businessman Mr Kerry Packer for around A$77m (£30m).

Now Mr Packer, flush with cash from the A$1bn sale of his broadcast media interests last year, is bidding to take over Colly Farms Cotton, a major local producer which has a Northern Irish family as a 33 per cent shareholder and has itself been acquiring additional properties.

The A$67m bid was launched through Mr Packer's Consolidated Press Securities in place of a complicated plan under which Colly would have acquired control of Auscott. That move was stymied by the October share market plunge.

Mr Packer already has 21 per cent of Colly, but still faces the possibility of a counter-bid from Anglo American Agriculture, a British group with close Colly connections. It has built up a 6 per cent stake.

If Mr Packer is successful, the new entity will produce some 40 per cent of Australia's cotton. As this is about the same as the Namoi Cotton Co-operative, it would bring the industry under the domination of two organisations. But it would make Mr Packer, who already has sizeable sheep and cattle interests, the country's undisputed Cotton King.

All this feverish activity reflects the profitable opportunities now available in the cotton business. Though a small player in world output and export terms, Australia has the technology to produce high yields of good quality cotton at low cost.

According to the Australian Cotton Foundation, Australian producers can grow cotton for about A$270 per bale at present, which compares with current world prices of some A$700. That makes Australia more profitable than the US.

Growers have benefited both from sharp improvements in international prices, since the recent lows of 1985-86, and from the depreciation of the Australian dollar. Australia exports 90 per cent of its output, so cotton also provides a valuable addition to much-needed foreign earnings.

Although the October share price collapse saw prices level fall, they appear to be underpinned for the moment because stocks are tight by recent standards and world consumption currently exceeds production.

In light of this Australian producers, who number no more than 1,000 and are concentrated in northern New South Wales and southern Queensland, have generally expanded their plantings and production.

Lint production in 1986-87, for example, amounted to 214,000 tonnes, or 950,000 bales. Only 10 years earlier, it was 25,000 tonnes, or 110,000 bales. In the same period the value of production climbed further, to A$370m from A$37m.

This rapid growth stands in contrast to cotton's chequered history in Australia. Though introduced with the arrival of the First Fleet in 1788, it virtually ceased to exist by the early 20th Century.

Its latest expansion phase began in the 1960s when the country started irrigating its crop and introduced sophisticated picking, ginning and pest control systems. Importantly, the industry also developed new varieties suited to local conditions.

Plantings in the current season are estimated to be a record 203,000 hectares, but production still depends critically on seasonal conditions, in particular water supply.

Much of the Australian crop – some 180,000 ha – is irrigated, but to take advantage of the attractive prices this year many growers have planted additional cotton in the hope that good rains will keep supplies replenished.

Their hopes may be forlorn, however. A report this week from the Government's Bureau of Agricultural and Resource


Mr Kerry Packer, flush with cash

Economics said irrigation water supplies are currently very low in the important Gwydir Valley, and that this is likely to result in crop failures unless good rains are received.

The bureau forecasts lint production for 1987-88 of 227,000 tonnes, which is above last year's level but below the figure of 258,000 tonnes in 1985-86.

Already this season adverse weather conditions have forced Gwydir Valley growers into substantially larger replantings than normal. According to one view, there is a potential for "catastophe" in this area.

Plainly the risks involved in growing such a delicate crop do not appear to be deflecting the intentions of Mr Packer, whose chances of securing control of Colly Farms improve as each day passes without a counter-bid from Anglo American Agriculture.

A statement from the British company this week again hinted at such a move, and confirmed that it had lifted its stake from five to six per cent through purchases on the market at prices above Mr Packer's A$1.86 per share offer.

The statement followed an announcement that the Colly board had recommended to shareholders that they accept the Packer bid. But time is quickly running out: Mr Packer's offer closes at the end of the month.

Pakistan increases earnings from reduced exports

PAKISTAN exported 820,000 bales of cotton worth $178m in the six months to December 31, according to the state-owned Cotton Export Corporation. That compared with 1.5m bales, worth $155m, in the first half of 1987, writes Mohammed Aftab in Islamabad.

During 1986-87 prices averaged 29.4 US cents a lb, giving the 3.94m bales exported during that year a total value of $466m.

The average price for cotton exported in the first half of the 1987-88 cotton year was 63.5 cents a pound. There will no difficulty in exporting the cotton crop – expected to reach more than 7m bales – during the current year.

Pakistani exporters will be watching international price fluctuations to get the best possible price for the crop. But officials say they are satisfied with current prices.

The stock market crash in October has had no effect on Pakistani cotton prices, or on the global trading and pricing of the fibre. The fluctuation in prices of cotton,globally, is tied to availability of crop, current production, previous and carry over stocks, consumption and demand. Consumption has generally been on the rise with consumer preference for for pure cotton fabrics, or fabrics with a high cotton blend.

The current sales pitch of Pakistan's export corporation is not directed to any particular country or region, although its buyers still are mainly in western Europe, and the Far East, including Japan.

Regarding some past uncertainity as to whether the corporation will be able to honour all its export contracts, in case the crop declined from the projected production an official said: "We have fully honoured all our contractual obligations so far." And he added that all commitments in future would be met in full "at the agreed prices."

Stocks of raw cotton at Pakistani ginneries as of December 24 totalled 5.41m bales. The corporation had already purchased4.98m bales, of which 3.06m bales were taken by Pakistani textile and spinning mills.

CEC cotton purchases traditionally rise rapidly in December and January but the purchases were somewhat delayed this season because of late harvesting following poor rains.

New Zealand wool industry in confident mood

THE NEW Zealand wool industry has started this year in a fairly confident mood. Operators generally expect prices to maintain the high levels at which they ended last year, in spite of uncertainties caused by continuing fluctuations in the NZ and US dollars.

A feature of the market is expected to be the increasing trend for buyers to purchase smaller quantities more frequently, thus avoiding the high interest and storage costs of holding large stocks.

Many manufacturers and wool merchants have discovered that they can cut operating costs significantly by keeping stocks to a minimum, leaving the NZ Wool Board to hold surplus supplies.

The board handled about 100,000 bales in the second half of last year but ended the year with a stockpile of only 42,000 bales. Its continued to make money on wool bought in the auction ring, stockpiled and then resold again, although last year's profit fell to between NZ$2m and NZ$3m (£717,000 to £1.07m) from NZ$15m in the previous season.

The performance of the NZ dollar will certainly affect the pattern of buying because nobody in the chain of supply wants to be caught with big stocks bought at a higher price if the value of the dollar drops.

However, most operators reject gloomy predictions – emanating mainly from wool exporters – that a strong currency would turn buyers away from the New Zealand market to a degree sufficient substantially to depress prices.

The same gloomy predictions were heard at the start of last year, but in the middle of the year, in spite of the NZ dollar's volatility, the average price for NZ wool reached 97.5 cents a kg, its highest level ever. Every type of wool rose in price, some by significant amounts.

Certainly part of this rise was caused by some buyers, particularly from Japan, misjudging the currency outlook.

Like many others they expected the NZ dollar to fall against the US and Australian currencies. Instead, it rose and many traders who had committed themselves to forward orders at prices based on the expectation of a falling NZ dollar had to buy heavily on a rising market.

With less wool flowing into the auction ring demand quickly outstripped supply.

With buyers and exporters determined not to repeat that mistake there has been significant drop in the number of contracts and forward orders placed for the early part of this year.

It is generally agreed that if the NZ dollar moves significantly, movement is likely to be downward. Few are prepared to gamble on when or whether this will occur but there is considerable, widespread reluctance to take contract positions a long way forward.

Additionally there is uncertainty and nervousness about the effect the recent stock-market crash might have on consumer demand for wool garments and consumer goods in Europe.

However, woolmen agree that although these factors may prevent a repeat of the 1987 mid-year price surge, they should not be strong enough to push prices down.

Major buyers of NZ wool this year are again expected to be China and the Soviet Union. Sales to China in the past six months were 20 per cent down but this has not caused great concern, because China's buying pattern has been erratic for some years.

New Zealand's domestic mills, which take 10 per cent of the auction offerings – with about half of this consumed at home – are protesting that the strong NZ dollar affects their ability to compete on the export market.

However, the Wool Board has been pointing out that wool accounts for less than 50 per cent of the value of a kilo of yarn.

This year the board will continue its efforts to assure spinners that it has no secret plans to change the existing auction ring system. It will continue to sell stockpile wool direct to individual buyers.

But it points out that this wool has already passed through the auction system, where all buyers had the chance to acquire it, usually at a lower figure than the resale price ultimately received by the board.

The board will intervene to bid and buy in the auction ring whenever prices fall below what it considers to be a reasonable market level.

Last month it bid on 25 per cent of the wool going to auction and bought 11 per cent.

Scene set for EC clash on cereals set-asides

BY TIM DICKSON IN BRUSSELS

SHARP POLITICAL differences between France and West Germany over the European Commission's controversial plan to pay arable farmers to take land out of production are likely to emerge at a key meeting of agricultural experts in Brussels today.

The clash is expected to centre on the detailed terms of the Commission's so-called set-aside proposal, notably the special provisions for small farmers, which was formally unveiled yesterday. The issue is significant because it is widely seen as a key to unblocking one of the major obstacles to reform of the European Community's whole budgetary system, including better control of agricultural spending, which will be top of the agenda at next month's emergency Summit of EC heads of Government.

It is no secret in Brussels that the idea of set-asides – while presented yesterday largely as a means of controlling the EC's soaring agricultural spending – has been inspired by the need to soften West German opposition to other aspects of the farm package (in particular the proposal for automatic cuts in cereal prices).

The Commission confirmed yesterday that it wants the scheme to be voluntary for farmers (though obligatory for member states) and that payments should be made only to those who agree to take at least 20 per cent of all their arable land out of production for at least five years.

Payments would be made to cover farmers' income losses and would vary from region to region depending on yield and soil characteristics. They would be financed jointly by the Community budget and member states, the EC contribution ranging from 15 to 50 per cent depending on the size of the payment involved (with Brussels providing a proportionately higher share for the smaller amounts).

The toughest part of the negotiation, which effectively begins in Brussels today with a meeting of senior agricultural officials from member states and continues in earnest with next Monday's Farm Council, is likely to hinge on special arrangements which the Commission has proposed for encouraging small farmers to participate.

These would allow producers to be exempted from the co-responsibility levy, a 3 per cent tax (which is likely to be increased when the stabiliser regime is in place) on the first 20 tonnes of their cereals output, provided they set aside at least 30 per cent of their land under the scheme.

If adopted by member states, this idea would replace the current system of direct payments to small producers (current budget Ecu120m) which has been bedevilled by the difficulty of defining "small" producers. ("Someone who is not more than 1.7 metres tall," one senior Commission official is fond of saying).

Mr Ignaz Kiechle, the West German Farm Minister who has been meeting his opposite numbers in a series of meetings in national capitals this week, is known to feel that the 20-tonne limit is too low and the 30 per cent requirement too high to encourage a sufficient number of his fellow countrymen.

Mr Francois Guillaume, the French Agriculture Minister, on the other hand, is expected to argue that access to the concession should be made more difficult and that the 30 per cent should be raised, possibly as high as 50 per cent.

As current President of the Council of Ministers (responsible for chairing meetings and seeking consensus) the Bonn Government is in a particularly pivotal position for the first six months of this year.

Among the other points Mr Kiechle has been making are that the scheme should run for three years (not five as the Commission is proposing); that the basic commitment to take 20 per cent of land out of production to qualify for the compensation is too high, and should be around 10 per cent; and that the level of financing provided by the Community budget rather than by member states should be higher than is currently envisaged in Brussels.

Mr Guillaume, meanwhile, is upset that the Commission does not intend to allow farmers in the scheme to use their idle land for grass and other fodder crops, an option he considers essential if (among other reasons) soil erosion and environmental problems are to be avoided.

Britain, meanwhile, is understood to be broadly happy with the scheme as outlined by the Commission.

Alcan may restart alumina line

By Robert Gibbens in Montreal

ALCAN ALUMINIUM may reopen the second processing line at its Ewarton alumina plant in Jamaica, if talks with the Government succeed.

The bauxite processing line was halted several years ago, when world overcapacity in alumina was acute and prices were strock bottom. Alumina is extracted from bauxite ore and then converted by electrolysis to aluminium metal.

The world market has improved markedly in the past year and Alcan said it is negotiating tax and transportation factors with the Government. However, the task of re-opening the line will take two years.

Alcan's existing Jamaica alumina capacity is 860,000 tonnes and opening the second line at Ewarton would bring it to 1,060,000 tonnes in two plants. Alcan's worldwide alumina capacity owned through subsidiaries is about 2.4m tonnes, and the company have varying interests in other plants with capacity of nearly 5m tonnes.

Court to reopen dairy substitutes test case

BY TIM DICKSON

THE PLOT of the European Community's long running drama over fake dairy products takes a new twist today when the oral procedure of a key test case involving France and West Germany is reopened in the European Court of Justice.

The Court has been asked by the Commission to test the implications of a controversial political decision taken last July by the Council of Farm Ministers at the same time as member states reached agreement on the farm price proposals for 1987/88.

The deal, seen by many in Brussels as a necessary ingredient of the price package, effectively sanctioned the national bans imposed by the Governments in Paris and Bonn on imitation products like coffee whiteners until the current five-year milk quota regime runs out in 1989.

The Commission believes that the prohibitions on what are safe and healthy products may inhibit the free movement of goods as guaranteed under Article 30 of the Treaty of Rome. An action was started in the Luxembourg Court in 1984 and the Brussels view subsequently upheld by Sir Gordon Slynn, the Advocate General, but to the continuing puzzlement of many observers the final judgement has not yet been delivered.

Both France and West Germany argue that it is inappropriate to open their markets to the substitute products such as coffee whiteners and non-cream toppings, when their dairy farmers are being held back by the system of milk quotas. Pressure on the Commission to drop the case is known to have been applied at the highest level.

Today's reopened oral procedure will consider whether last July's agreement – in Article 5 of Regulation 1898 – is compatible with continuing the ban but the matter is unlikely to be resolved quickly. Experts say that another Advocate General's Opinion will probably be required, then there will be another delay before the judgment.

WORLD COMMODITIES PRICES

LONDON MARKETS

COPPER PRICES fell on the London Metal Exchange yesterday, with three-month metal hitting a low of £1,338 a tonne near the close of the afternoon ring. The price came under steady selling pressure in morning trading reflecting firmer sterling against the dollar, stale-bull liquidation and some options-related selling, traders said. The decline reflected a growing feeling in some quarters that the recent tightness of nearby supplies might be coming to an end, dealers said. Meanwhile cocoa traded in a narrow range as the International Cocoa Organisation (ICCO) emergency talks on reviving the price support mechanism got under way in London. Prices seemed pegged by two opposing forces, dealers said. The ICCO talks tended to attract precautionary covering, while selling was coming in on trade views that the total Ivorian 1987/88 crop could be a new record at around 600,000 tonnes.

SPOT MARKETS

Crude oil (per barrel FOB January)		+ or -
Dubai	$14.95-5.10y	+0.275
Brent Blend	$16.15-6.30	+0.30
W.T.I.(1 pm est)	$16.58-6.63y	+0.205
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$158-161	-1
Gas Oil	$145-147	
Heavy Fuel Oil	$71-72	
Naphtha	$143-146	+2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$482.50	+0.75
Silver (per troy oz)♣	683c	-2
Platinum (per troy oz)	$502.10	+4.85
Palladium (per troy oz)	$120.00	-7.50
Aluminium (free market)	$2010	+20
Copper (US Producer)	142¾-145c	+1.5
Lead (US Producer)	40c	
Nickel (free market)	345c	+10
Tin (European free market)	£3837.50	+7.50
Tin (Kuala Lumpur market)	17.26r	+0.10
Tin (New York)	320.5c	-0.5
Zinc (Euro. Prod. Price)	$890	
Zinc (US Prime Western)	44.375c	
Cattle (live weight)†	104.68p	+0.13*
Sheep (dead weight)†	159.05p	-8.58*
Pigs (live weight)†	63.25p	-2.09*
London daily sugar (raw)	$237.40v	-2.40
London daily sugar (white)	$242.50v	-2.30
Tate and Lyle export price	£237.00	-2.00
Barley (English feed)	£111.50z	
Maize (US No. 3 yellow)	£135.00	-1.00
Wheat (US Dark Northern)	£94.25u	-0.50
Rubber (spot)♥	64.50p	-1.50
Rubber (Feb)♥	67.00p	-0.75
Rubber (Mar)♥	66.75p	-0.75
Rubber (KL RSS No 1 Feb)	282.50m	-1.00
Coconut oil (Philippines)§	$555.00v	+10
Palm Oil (Malaysian)§	$-37.50	
Copra (Philippines)§	$360.00	
Soyabeans (US)	£170.00	-3.00
Cotton "A" Index	72.55c	-0.75
Wooltops (64s Super)	484p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Feb/Mar. v-Jan/Feb. z-Jan/Mar. y-Feb. u-Apr/May † Meat Commission average fatstock prices. * change from a week ago. ♥ London physical market. § CIF Rotterdam ♣ Bullion market close. m-Malaysian/Singapore cents/kg

COCOA £/tonne

	Close	Previous	High/Low
Mar	1119	1123	1128 1115
May	1140	1143	1148 1136
Jly	1160	1163	1167 1158
Sep	1179	1182	1185 1174
Dec	1203	1204	1210 1200
Mar	1227	1231	1233 1223
May	1247	1250	

Turnover: 2332 (2803) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for January 13: 1428.99 (1439.15). 10 day average for January 14: 1415.48 (1407.04).

COFFEE £/tonne

	Close	Previous	High/Low
Jan	1130	1187	1189 1178
Mar	1216	1218	1220 1207
May	1233	1235	1240 1225
Jly	1255	1255	1261 1246
Sep	1278	1274	1278 1268
Nov	1298	1300	1290
Jan	1315	1320	

Turnover: 3044 (3747) lots of 5 tonnes
ICO indicator prices (US cents per pound) for January 12: Comp. daily 1979 114.54 (113.94); 15 day average 114.80 (114.85).

SUGAR $ per tonne

Raw	Close	Previous	High/Low
Mar	209.80	205.40	209.80 205.60
May	208.80	205.20	209.20 204.60
Aug	208.80	204.80	209.00 204.00
Oct	208.60	204.80	209.40 205.00
Dec	209.00	206.00	207.00
Mar	211.00	208.00	210.60 210.40
May	212.00	209.00	
White	**Close**	**Previous**	**High/Low**
Mar	246.50	242.50	246.00 243.00
May	249.00	247.00	247.80 245.00
Aug	254.00	258.00	252.00 248.50
Oct	254.00		251.00 249.50
Dec	254.00		252.00
Mar	257.50		
May	259.50		

Turnover: Raw 6372 (5195) lots of 50 tonnes; White 1516 (2205).
Paris- White (FFr per tonne): Mar 1350, May 1370, Aug 1401, Oct 1401, Dec 1410, Mar 1440.

GAS OIL $/tonne

	Close	Previous	High/Low
Feb	145.50	144.25	146.00 145.25
Mar	141.25	138.75	143.25 141.00
Apr	137.50	135.50	139.00 137.50
May	135.00	132.25	137.00 135.00
Jun	136.00	133.00	137.25 135.25
Jul	135.50	132.50	135.50 134.50

Turnover: 6580 (8749) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Jan	109.90	110.15	109.90 109.50
Mar	111.50	111.80	111.50 110.80
May	113.90	114.30	113.90 113.30
Jly	115.75	116.35	115.75 115.35
Sep	102.90	103.00	103.00 102.90
Nov	104.90	105.00	104.90
Jan	107.60	107.70	107.70 107.60
Barley	**Close**	**Previous**	**High/Low**
Jan	105.55	105.75	105.55 105.25
Mar	107.25	107.75	107.25 107.00
May	108.00	108.45	
Sep	98.10	98.20	
Nov	100.55	100.65	
Jan	102.85	102.95	

Turnover: Wheat 468 (291), Barley 32 (179) lots of 100 tonnes. EL-3

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 1,550 tonne
Cash	2000-40	1980-2000		2000-20		
3 months	1900-20	1880-1900		1880-1900		2,673 lots
Aluminium,99.5% purity (£ per tonne)						Ring turnover 31,900 tonne
Cash	1112-14	1092-4	1093/1092	1093-4		
3 months	1035-6	1027-8	1047/1022	1022-3	1047-8	49,156 lots
Copper, Grade A (£ per tonne)						Ring turnover 67,750 tonne
Cash	1458-62	1565-70	1485/1480	1480-2		
3 months	1345-7	1420-1	1385/1340	1365-7	1341-2	75,754 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1390-1420	1520-30		1400-40		
3 months	1315-25	1390-1400		1335-45		48 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	677-82	682-4		674-7		
3 months	690-3	694-7		685-8		715 lots
Lead (£ per tonne)						Ring turnover 20,850 tonne
Cash	349-50	350-1	351/350	350-50.5		
3 months	342-2.5	341-2	343/342	342.5-3	341-3	12,098 lots
Nickel (£ per tonne)						Ring turnover 1,346 tonne
Cash	4250-60	4210-30	4231/4230	4230-1		
3 months	4000-5	3980-5	4050/3970	4020-5	3980-4000	9,805 lots
Zinc (£ per tonne)						Ring turnover 16,000 tonne
Cash	483-4	479-80	481/478	477-8		
3 months	486-7	483-3.5	490/481	481-81.5	489-90	12,329 lots

POTATOES £/tonne

	Close	Previous	High/Low
Feb	97.50	97.50	100.00
Mar	87.50	86.50	87.00
Apr	149.50	149.50	150.50 148.20
May	163.30	163.50	164.00 162.50
Nov	88.10	87.80	
Feb	96.00	96.00	

Turnover: 325 (176) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Feb		138.50	
Apr	128.30	138.60	129.50 127.00
Jun	119.80	121.00	119.00
Aug	119.00	120.00	
Oct	119.50	121.00	
Dec	121.00	122.00	
Feb	123.50	125.00	

Turnover: 970 344) lots of 100 tonnes.

FREIGHT FUTURES £/index point

	Close	Previous	High/Low
Jan	1418.0	1429.5	1435.0 1410.0
Apr	1475.0	1488.0	1490.0 1467.0
Jly	1348.5	1367.5	1360.0 1345.0
Oct	1395.0	1407.5	1400.0 1395.0
BFI	1369.0	1361.5	

Turnover: 378 (1059)

WOOL
Australian wool was dearer when sales resumed this week after the recess. Merinos led the way and with demand for extra-fine merinos again very strong, prices rose by 5-6 per cent within a couple of days. The Australian Wool Corporation market indicator rose from A$9.15 before Xmas to A$9.31 on Tuesday. Coarser crossbreds did not meet with the same demand and at the first New Zealand sale the Wool Board bought moderate weights in reserve price support. Anticipation of higher prices did eventually cause better market activity in the industry with some firms in the UK finding new business good, though many still find trade quiet. Bradford top prices are cautiously firmer with 488p a kg quoted for 64s super, 366p for 58s super and 335p for 50s carded.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	482¼-482¾	264¼-264¾
Opening	481½-482	262¾-263¼
Morning fix	481.40	262.630
Afternoon fix	481.90	263.722
Day's high	483-483½	
Day's low	480½-481	
Coins	**$ price**	**£ equivalent**
US Eagle	496-501	271½-274½
Mapleleaf	496-501	271½-274½
Britannia	496-501	271½-274½
Krugerrand	481-484	263½-265½
1/2 Krug	250-259	137-142
1/4 Krug	124-132	68-72¼
Angel	493-498	270¼-273
1/10 Angel	49-54	26¼-29½
New Sov.	113½-114½	62-62¾
Old Sov.	113½-115	62-63
Noble Plat	518-524	282¾-286

Silver fix	p/fine oz	US cts equiv
Spot	676.40	365.60
3 months	688.80	377.10
6 months	701.35	385.65
12 months	728.25	403.55

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1800	202	149	32	54
1900	136	95	64	98
2000	85	57	113	158
Aluminium (99.5%)	**Calls**		**Puts**	
1750	232	191	13	103
1850	154	142	34	151
1950	93	103	72	210
Copper (Grade A)	**Calls**		**Puts**	
2250	203	396		242
2450	250	251	175	352
2650	163	186	285	482

US MARKETS

CRUDE OIL futures rallied on early short-covering before falling on trade selling and mixed long-liquidation in response to rumours of Saudi Arabia selling discount oil, reports Drexel Burnham Lambert. Gold and platinum were marginally lower while silver was slightly higher after early local selling had uncovered trade buying at the lows which prompted short-covering. Copper underwent a technical correction which was accelerated as speculative long-liquidation touched off sizeable stops around 112c, basis March. Sugar found trade support at the lows which prompted a rally to the highs. The meats were quiet, with cattle exhibiting longer-term underlying strength, while hogs and bellies closed mixed reflecting short-term light hog runs but anticipation of larger runs over the next few weeks and expectations of higher hog prices in the longer-term. Grains recovered from recent weakness. Soyameal rallied on commercial buying in response to export business, oil firmed as cash prices rallied and in anticipation of purchases by India, while beans rallied in sympathy with the products.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	480.2	480.7	481.5	480.5
Feb	481.6	482.3	484.4	481.5
Mar	484.2	484.9	485.0	485.0
Apr	487.6	488.3	490.5	487.2
Jun	493.5	494.1	495.7	493.0
Aug	499.6	500.1	499.7	499.7
Oct	506.0	506.5	0	0
Dec	512.4	512.9	514.1	512.0
Feb	519.1	519.6	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	500.0	500.9	502.5	497.5
Apr	507.5	507.9	511.0	505.5
Jul	515.0	515.4	516.0	516.0
Oct	523.0	523.4	524.0	524.0
Jan	531.0	531.4	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	677.8	674.0	0	0
Feb	680.6	677.3	0	0
Mar	684.5	681.0	693.5	679.0
May	694.1	690.6	703.0	692.0
Jul	703.6	700.1	711.0	698.0
Sep	712.7	709.2	0	0
Dec	728.1	724.6	737.0	728.0
Jan	732.8	729.3	0	0
Mar	743.6	740.1	747.0	747.0
May	754.1	750.6	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	124.00	133.20	130.30	120.10
Feb	122.00	124.20	127.00	126.00
Mar	108.85	117.15	114.00	108.50
May	98.50	106.30	104.00	95.10
Jul	88.80	95.50	94.50	85.00
Sep	85.50	90.00	88.70	85.00
Dec	84.60	88.50	89.00	81.00
Jan	84.30	88.20	85.50	80.80
Mar	83.80	87.80	88.50	88.50
May	83.40	87.00	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Feb	16.53	16.63	16.93	16.48
Mar	16.36	16.47	16.78	16.30
Apr	16.25	16.34	16.63	16.20
May	16.12	16.25	16.51	16.08
Jun	16.05	16.19	16.40	16.00
Jul	16.00	16.13	16.40	16.00
Aug	15.95	16.07	16.23	15.95
Sep	16.04	16.01	16.20	15.99
Oct	16.00	15.95	15.94	15.84
Nov	15.80	15.89	15.90	15.80

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Feb	50.80	51.27	52.00	50.40
Mar	47.80	48.12	49.00	47.60
Apr	45.27	45.25	46.05	45.00
May	43.70	43.76	44.45	43.70
Jun	42.95	42.80	43.80	42.75
Jul	43.00	42.65	43.50	42.80

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1894	1886	1898	1883
May	1920	1917	1929	1910
Jul	1951	1947	1960	1942
Sep	1979	1973	1977	1965
Dec	2018	2009	2017	2005
Mar	2043	2036	0	0
May	2070	2065	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	127.42	126.98	127.70	127.15
May	130.15	129.62	130.25	129.80
Jul	132.35	131.90	132.49	131.90
Sep	134.48	135.13	134.50	134.00
Dec	137.50	137.75	137.60	137.10
Mar	140.25	142.85	0	0
May	142.50	140.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.27	9.22	9.30	9.06
May	9.20	9.08	9.25	9.05
Jul	9.24	9.10	9.25	9.05
Oct	9.23	9.04	9.24	9.05
Jan	9.23	9.05	0	0
Mar	9.39	9.30	9.45	9.33
May	9.41	9.32	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	65.98	64.13	65.95	64.40
May	66.63	64.73	66.70	65.10
Jul	66.86	65.00	66.95	65.45
Oct	64.20	63.15	64.20	63.51
Dec	63.05	62.00	63.10	62.25
Mar	64.25	63.20	0	0
May	64.40	63.45	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	172.30	173.50	174.50	171.40
Mar	175.45	175.30	175.60	174.00
May	176.00	176.40	176.00	174.70
Jul	176.30	176.15	176.30	174.50
Sep	174.25	174.90	174.50	173.90
Nov	171.30	171.25	171.00	171.00
Jan	167.50	168.40	0	0
Mar	164.00	168.40	164.00	164.00
May	167.50	168.40	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 12	Jan 11	mnth ago	yr ago
1755.0	1762.3	1865.3	1600.8

DOW JONES (Base: December 31 1974 = 100)

Spot	133.95	134.44	131.96	115.79
Futures	136.06	137.10	138.18	115.38

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	613/0	605/2	613/4	603/4
Mar	621/4	612/4	622/4	611/0
May	630/6	620/6	631/0	619/4
Jul	636/2	626/6	637/6	625/0
Aug	634/0	625/0	636/4	625/0
Sep	626/0	619/0	626/0	619/0
Nov	626/2	617/4	626/4	616/4
Jan	633/0	625/4	634/4	628/4
Mar	631/0	633/4	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	22.82	21.79	22.63	21.70
Mar	22.77	21.93	22.82	21.84
May	22.94	22.11	22.95	22.05
Jul	22.96	22.15	23.00	22.10
Aug	23.00	22.16	23.00	22.20
Sep	22.90	22.10	22.90	22.15
Oct	22.70	22.10	22.70	22.25
Dec	22.70	22.10	22.70	22.05

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	184.3	183.2	184.5	182.5
Mar	180.3	178.8	180.9	178.3
May	178.4	176.2	179.0	176.5
Jul	178.2	176.1	179.0	176.4
Aug	178.5	176.5	179.0	176.5
Sep	178.5	176.4	179.0	176.8
Oct	177.7	176.8	178.0	177.0
Dec	176.5	176.0	178.5	176.5
Jan	178.0	177.5	178.5	178.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	195/0	193/4	195/2	191/6
May	200/4	198/6	200/6	197/4
Jul	204/6	202/6	204/6	201/6
Sep	208/0	204/0	208/0	203/4
Dec	209/4	207/6	209/4	207/0
Mar	215/6	214/2	215/6	213/4
May	220/0	218/0	220/0	218/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	329/0	325/0	329/2	322/4
May	327/6	324/2	328/0	322/2
Jul	318/6	315/2	319/6	313/4
Sep	321/4	318/6	322/4	318/4
Dec	331/4	328/0	331/4	326/6
Mar	333/0	335/0	334/4	330/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	66.20	66.42	66.65	65.95
Apr	67.65	67.45	68.05	67.15
Jun	67.70	67.37	68.00	67.10
Aug	64.92	64.70	65.40	64.80
Oct	63.97	63.70	64.35	63.80
Dec	64.75	64.50	65.30	64.65

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	45.65	45.77	46.37	45.42
Apr	43.57	43.82	43.90	43.25
Jun	46.80	47.07	47.35	46.60
Jul	47.62	47.62	47.90	47.40
Aug	46.60	46.45	46.97	46.35
Oct	41.55	41.45	41.70	41.30
Dec	42.00	41.70	42.00	41.45

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	55.27	54.92	55.85	54.80
Mar	55.70	55.52	56.37	55.32
May	57.30	57.00	57.55	56.55
Jul	57.60	57.10	57.95	57.10

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Central banks intervene

FACTORS DID not change on the foreign exchanges yesterday, as the market remained caught between central bank intervention and fear about tomorrow's US trade figures.

The dollar opened weak in Europe, after intervention by the Bank of Japan had appeared somewhat half hearted, and failed to prevent a slide in Tokyo.

Later in the day the US Federal Reserve bought dollars against the D-Mark and yen. In between central banks in Europe provided co-ordinated support for the dollar.

The West German Bundesbank; Bank of France; Swiss National Bank; Bank of Italy; Austrian National Bank; and Dutch Central Bank were all detected in the market.

It was also reported that the Bundesbank bought dollars against the yen.

Trading today is likely to remain very nervous, with dealers reluctant to hold long dollar positions, after recent speculation that the US November trade deficit could be worse than the record $17.63bn in October.

The dollar fell to DM1.6335 from DM1.6350; to FFr5.5125 from FFr5.52; to SFr1.33 from SFr1.3345; and to Y126.60 from Y127.40.

On Bank of England figures the dollar's index fell to 93.1 from 93.3.

STERLING-Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. December average 1.8269. Exchange rate index fell 0.1 to 75.3, compared with 73.1 six months ago.

Sterling traded very quietly, remaining on the sidelines and showing no reaction to a firmer tone in North Sea oil prices.

The early weakness of the dollar pushed the pound up over 1 cent to a peak of $1.8345, but it closed only 40 points higher on the day at $1.8245-1.8255. Sterling also rose to DM2.98 from DM2.9775 and to FFr10.06 from FFr10.0525, but fell to Y231 from Y232 and to SFr2.4275 from SFr2.43.

D-MARK-Trading range against the dollar in 1987/88 is 1.9305 to 1.5740. December average 1.6354. Exchange rate index 150.9 against 146.9 six months ago.

The D-Mark finished slightly higher against the dollar in Frankfurt. The dollar fell to DM1.6340 from DM1.6365, but finished near the day's high in nervous trading.

It touched a low of DM1.6248 and was fixed at DM1.6269 in Frankfurt, when the Bundesbank bought $8.8m. The West German central bank also intervened on the open market, in co-operation with other European central banks. There was no reaction to the Bundesbank's drain of liquidity from the money market at yesterday's securities repurchase agreement tender, or to confirmation of slow West German growth

JAPANESE YEN-Trading range against the dollar in 1987/88 is 159.45 to 121.35. December average 128.45. Exchange rate index 240.6 against 212.4 six months ago.

The yen rose against the dollar, as traders closed long dollar positions on growing nervousness about tomorrow's US trade figures. Intervention by the Bank of Japan was regarded as merely a smoothing operation. The central bank bought up to $200m, pushing the dollar up from its low of Y125.45, but failing to lift it higher on the day. The dollar closed at Y126.30 in Tokyo, compared with Y128.00 on Tuesday.

Selling accelerated after Mr Kiichi Miyazawa, Japanese Finance Minister, was reported as saying the Bank of Japan is not considering a discount rate cut, and that the Group of Seven has not set a range for the dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.2198	+1.79	+1.02	±1.5344
Danish Krone	7.85212	7.93020	+0.99	+0.22	±1.5404
German D-Mark	2.05853	2.06579	+0.35	-0.42	±1.0981
French Franc	6.90403	6.97464	+1.02	+0.25	±1.3674
Dutch Guilder	2.31943	2.32141	+0.09	-0.68	±1.5012
Irish Punt	0.768411	0.777855	+1.23	+0.46	±1.6684
Italian Lira	1483.58	1518.42	+2.35	+2.08	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Jan 13	Latest	Previous Close
£ Spot	1.8220-1.8230	1.8220-1.8230
1 month	0.26-0.24pm	0.26-0.24pm
3 months	0.77-0.73pm	0.77-0.73pm
12 months	3.05-2.95pm	3.05-2.95pm

Forward premiums and discounts apply to the US dollar.

POUND SPOT–FORWARD AGAINST THE POUND

STERLING INDEX

DOLLAR SPOT–FORWARD AGAINST THE DOLLAR

CURRENCY RATES

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

S. Af (Cm)	3.5790-3.5959	1.9520-1.9555
S. Af (Fn)	5.5395-5.7125	3.0305-3.1250
Taiwan	51.90-52.17	28.55-28.65
U.A.E.	6.7205-6.7265	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

C $	0.425	0.776	1.267	98.27	4.277	1.03
B Fr.	1.605	2.925	4.776	370.2	16.12	3.8

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Auction depresses gilts

GILT PRICES never recovered from a poor start in yesterday's Liffe market and a disappointing result to the medium gilt auction only added to the gloom.

The auction of a medium gilt had already established itself as being not exactly to the markets liking. With domestic institutions either prevented from bidding or preferring a longer dated stock, attention focused on the amount of overseas participation. Proximity of tomorrow's release of US trade figures left most with little appetite to invest in foreign stock, which resulted in the £1bn on offer being covered by just 1.07 times.

The complete absence of retail interest had an immediate effect on prices. Cash gilts quickly shed £½ while the long gilt for March delivery brushed aside a significant support level at 116-00 and dipped to 115-19, having traded at 116-12 before the announcement.

This prompted a rash of stop loss selling and values slid away to a low of 115-10. The closing rate of 115-15 represented a modest recovery but the price was still well down from Tuesday's close of 116-21.

The medium gilt future faired little better, falling to 92-16 after the results of the tender from 93-10 beforehand. It closed at 92-12 for March delivery down from 93-14 at the opening and 93-22 on Tuesday.

US bond prices opened on a less than inspiring note, after a weaker US bond market and a further decline in the dollar. Tomorrow's release of US trade figures for November also hung over the market. From an opening price of 86-28, the March price touched a low of 86-21. However central bank intervention led to a dollar recovery and bond values were marked up accordingly to finish at 87-01, up from the opening but still down from Tuesday's close of 87-16.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
116	1.26	2.35	1.60	3.11
118	0.43	1.51	3.13	4.27
120	0.23	1.15	4.57	5.55
122	0.09	0.51	6.43	7.27
124	0.06	0.32	8.40	9.08
126	0.03	0.19	10.37	10.59
128	0.01	0.11	12.35	12.51
130	0.00	0.06	14.34	14.46

Estimated volume total, Calls 1615 Puts 1600
Previous day's open int: Calls 32907 Puts 17461

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
82	5.34	5.22	0.32	1.10
84	3.57	4.03	0.55	1.63
86	2.28	2.62	1.26	2.58
88	1.20	2.06	2.18	4.02
90	0.48	1.28	3.46	5.24
92	0.24	0.61	5.22	6.57
94	0.13	0.39	7.11	8.35
96	0.06	-	9.04	-

Estimated volume total, Calls 0 Puts 290
Previous day's open int: Calls 893 Puts 960

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Jan	Calls-settlements Feb	Puts-settlements Jan	Puts-settlements Feb
16000	13.13	15.67	0.43	2.97
16500	8.92	12.28	1.22	4.58
17000	-	-	-	-
17500	2.99	6.97	5.29	9.27
18000	1.44	5.05	8.74	12.95
18500	0.61	3.56	12.91	15.86
19000	0.22	2.45	17.52	19.73
19500	0.07	1.64	22.37	23.94

Estimated volume total, Calls 96 Puts 26
Previous day's open int: Calls 88 Puts 114

LIFFE £/$ OPTIONS

LONDON SE £/$ OPTIONS

PHILADELPHIA SE £/$ OPTIONS

LIFFE–EURODOLLAR OPTIONS

LONDON

CHICAGO

CURRENCY FUTURES

MONEY MARKETS

Mood of caution

TRADING REMAINED largely uninspired in the London money market yesterday. There was a brief attempt to stir up activity after the Bank of England took bank 4 bills at ½ p.c. above the previous dealing rate, but the move was generally regarded as being technical. Some discount houses may have been suffering a little indigestion after yesterday's unwinding of a £1.1bn sale and repurchase agreement and a surfeit of long dated bills was sufficient to shave a fraction off the selling price.

However underlying sentiment remained far from bullish

UK clearing bank base lending rate 8½ per cent from December 4

and longer term rates edged up where changed. Shorter dates were lower however. Overnight money was quoted at 8¼ p.c. but came away to a low of 4 p.c. Three-month funds were unchanged at 9⅛-8⅞ p.c.

The Bank of England forecast a shortage of around £200m, with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £256m. In addition the unwinding of previous sale and repurchase agreements accounted for £1,174m while Exchequer transactions took out £40m. There was also a rise in the note circulation of £30m. These were partly offset by the Bank of England's gilt repurchase facility, which added £1,311m. Rates for the agreement were set at 7¹⁵⁄₁₆ p.c. for one week, 8½ p.c. for one month and 8⅝ p.c for the entire period to March 28. Banks brought forward balances a nominal £5m above target.

The forecast was revised to a shortage of around £350m and the Bank gave assistance in the morning of £356m through outright purchases of £73m of eligible bank bills in band 3 at 8⅜ p.c. and in band 4, £1m of local authority bills at 8¼ p.c. and £282m of eligible bank bills at 8⅜-8¼ p.c. There was no intervention by the Bank in the afternoon.

Short term interest rates were slightly higher in Frankfurt, despite the relatively generous injection of DM8bn through the Bundesbank's latest sale and repurchase agreement. Call money rose to 3.15-3.20 p.c. from 3.05-3.15 p.c. Although the amount allocated was more than expected, it failed to offset a maturing facility which drained DM11.4bn. However there were no immediate signs that the Bundesbank was attempting to tighten monetary policy.

Trading was also influenced by a number of less than encouraging economic numbers released yesterday. Overall public spending created a DM34bn deficit in 1987 compared with DM23½bn in 1986

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

Company Notices

Notice of early redemption of the
AZIENDA NAZIONALE AUTONOMA DELLE STRADE
Doll. U.S. 100,000,000
Floating Rate Notes due 1990
Convertible until February 1986
into 13% Bonds 1992

Notice is hereby given to the holders of the Doll. U.S. 90,000,000 13% Bonds due 1992 remaining outstanding that Azienda Nazionale Autonoma delle Strade will proceed to their early redemption at 101% of their principal amount on the next interest payment date falling on February 19, 1988.

Interest accruing on the outstanding Bonds will cease as of that same date.

BANQUE INTERNATIONALE A LUXEMBOURG
Societe Anonyme
Principal Paying Agent

Luxembourg, January 14, 1988

Clubs

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 88 Vol	Feb. 88 Last	May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Stock
GOLD C	$ 420	31	66	-	-	-	-	$ 483.20
GOLD C	$ 480	87	14.50	-	-	-	-	$ 483.20
GOLD C	$ 500	85	6.50	32	19.50	-	-	$ 483.20
GOLD P	$ 420	-	-	20	3	38	4.50	$ 483.20
GOLD P	$ 460	80	3	110	8	122	12.50	$ 483.20
GOLD P	$ 500	-	-	-	-	165	28	$ 483.20

Series		Jan. 88 Vol	Jan. 88 Last	Feb. 88 Vol	Feb. 88 Last	Mch. 88 Vol	Mch. 88 Last	Stock
EOE Index C	FL 165	32	4	31	10	-	-	FL 167.85
EOE Index C	FL 170	125	1.70	107	8	5	12	FL 167.85
EOE Index C	FL 175	42	0.60 B	177	6	-	-	FL 167.85
EOE Index C	FL 180	52	0.40	77	4.80 A	47	7.50	FL 167.85
EOE Index C	FL 185	15	0.10	295	3	37	6	FL 167.85
EOE Index P	FL 155	19	0.30	324	3.80	-	-	FL 167.85
EOE Index P	FL 160	144	0.60	69	5.50	-	-	FL 167.65
EOE Index P	FL 165	726	1.80	42	7.80	173	10.50	FL 167.85
EOE Index P	FL 170	288	4	150	10	114	12	FL 167.85
EOE Index P	FL 175	586	8	15	13	20	15	FL 167.85
EOE Index P	FL 180	58	13	179	16	9	17.50	FL 167.85
EOE Index P	FL 185	3	17	61	19.50 B	5	22	FL 167.85
EOE Index P	FL 225	23	57 B	-	-	-	-	FL 167.85
$/FI C	FL 180	-	-	20	5.10	140	5.50 B	FL 183.50
$/FI C	FL 185	1685	0.60	300	2.50	-	-	FL 183.50
$/FI P	FL 175	-	-	79	1.60	41	2	FL 183.50
$/FI P	FL 180	394	0.30	125	2.50	117	3.60	FL 183.50
$/FI P	FL 185	296	2 A	431	5.30	118	6	FL 183.50
$/FI P	FL 190	170	6.80	30	8.80	-	-	FL 183.50

Series		Jan. 88 Vol	Jan. 88 Last	Apr. 88 Vol	Apr. 88 Last	Jul. 88 Vol	Jul. 88 Last	Stock
ABN C	Fl 40	77	0.10	295	1.60	19	2.80	Fl 36.80
ABN P	Fl 35	156	0.30	40	1.60	-	-	Fl 36.80
AEGON P	Fl 60	46	2.80 A	11	5.70	3	8	Fl 57.30
AHOLD C	Fl 85	-	-	118	1	-	-	Fl 64.20
AHOLD P	Fl 65	184	2.50	9	6.50 B	-	-	Fl 64.20
AKZO C	Fl 90	317	1.10	203	8	25	10	Fl 88.70
AKZO P	Fl 120	3	32.50	3	32.50	100	36	Fl 88.70
AMEV C	Fl 35	-	-	508	4.50	2	5.50	Fl 37
AMEV P	Fl 40	23	3.30	4	4.50	-	-	Fl 37
AMRO C	Fl 55	51	1.70	-	-	-	-	Fl 56.30
AMRO P	Fl 50	-	-	308	1.20	-	-	Fl 56.30
ELSEVIER C	Fl 40	95	0.60	128	4.50	-	-	Fl 39.50
ELSEVIER P	Fl 40	91	1	155	4.50 B	38	7	Fl 39.50
GIST-BROC. C	Fl 22.50	-	-	3	2.50	85	3.50	Fl 22.50
GIST-BROC. P	Fl 25	100	3	116	3.90	17	5.50	Fl 22.50
HEINEKEN C	Fl 150	-	-	12	2 B	50	4.50	Fl 120.50
HEINEKEN P	Fl 120	89	2.50 B	30	8.50	1	11	Fl 120.50
HOOGOVENS C	Fl 30	5	0.10	47	1.60 B	11	3.50	Fl 25.20
HOOGOVENS P	Fl 25	49	0.80	91	3	-	-	Fl 25.20
KLM C	Fl 30	397	0.40	167	3.30	56	4.30	Fl 29.40
KLM P	Fl 35	249	6.20	15	6.70	2	7.50 B	Fl 29.40
NEDLLOYD C	Fl 150	41	3.50	132	16	-	-	Fl 147
NEDLLOYD P	Fl 140	97	1.80	17	12.50	-	-	Fl 147
NAT.NED. C	Fl 45	104	2	534	5	49	6.20	Fl 46.90
NAT.NED. P	Fl 50	72	3.40	87	4.90	4	6.20 B	Fl 46.90
PHILIPS C	Fl 25	46	0.50	340	2.20	210	2.90	Fl 25.40
PHILIPS P	Fl 27.50	676	2.40	319	4.30	20	4.80	Fl 25.40
ROYAL DUTCH C	Fl 200	232	3 B	385	11.50	18	15	Fl 201.20
ROYAL DUTCH P	Fl 190	428	0.50	347	5.70	-	-	Fl 201.20
ROBECO C	Fl 90	-	-	32	1.80	-	-	Fl 81.50
ROBECO P	Fl 90	77	9	-	-	1	12.50	Fl 81.50
UNILEVER C	Fl 110	-	-	750	5.30	18	8.90	Fl 102.20
UNILEVER P	Fl 100	441	1.10	253	7.30 A	8	11.50	Fl 102.20

TOTAL VOLUME IN CONTRACTS : 33,812

A=Ask B=Bid C=Call P=Put

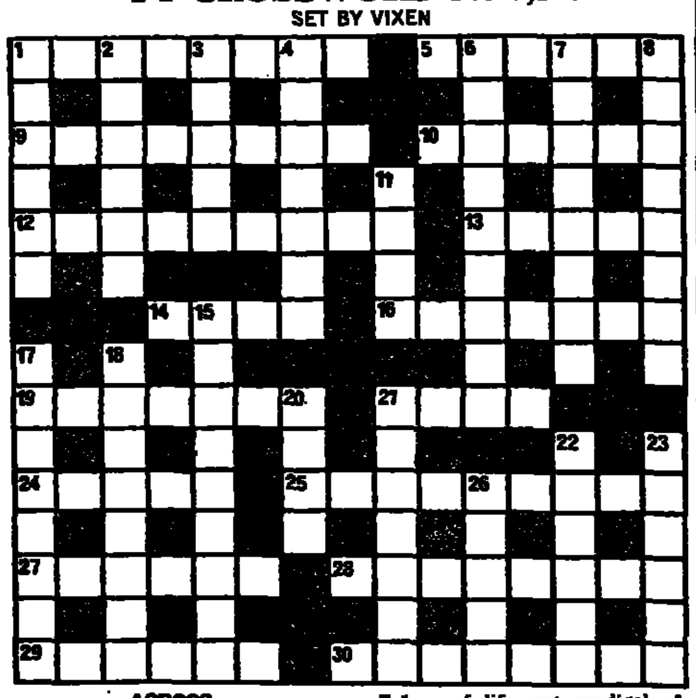
BASE LENDING RATES

	%		%		%
ABN Bank	8½	● Charterhouse Bank	8½	Nat Bk. of Kuwait	8½
Adam & Company	8½	Citibank NA	8½	NatWestminster	8½
AAB - Allied Arab Bk	8½	City Merchants Bank	8½	Northern Bank Ltd	8½
Allied Dunbar & Co	8½	Clydesdale Bank	8½	Norwich Gen. Trust	8½
Allied Irish Bank	8½	Comm.Bk.N.East	8½	PK Finans. Int'l(UK)	9
American Exp.Bk	8½	Consolidated Cred	8½	Provincial Trust Ltd	9½
Amro Bank	8½	Co-operative Bank	*8½	R. Raphael & Sons	8½
Henry Ansbacher	8½	Cyprus Popular Bk	8½	Roxburghe G'rantee	9½
ANZ Banking Group	8½	Duncan Lawrie	8½	Royal Bk of Scotland	8½
Associates Cap Corp	10	Equat'l TstC'p plc	8½	Royal Trust Bank	9½
Authority Bank	8½	Exeter Trust Ltd	9	Smith & Williamson Secs.	8½
B & C Merchant Bank	8½	Financial & Gen. Sec	9	Standard Chartered	8½
Banco de Bilbao	8½	First Nat. Sec. Ltd.	9½	TSB	8½
Bank Hapoalim	8½	● Robert Fleming & Co.	8½	UDT Mortgage Exp	‡10.2
Bank Leumi (UK)	8½	Robert Fraser & Ptnrs.	9½	United Bk of Kuwait	8½
Bank Credit & Comm	8½	Girobank	8½	United Mizrahi Bank	8½
Bank of Cyprus	8½	Grindlays Bank	8½	Unity Trust Bank Plc	8½
Bank of Ireland	8½	● Guinness Mahon	8½	Western Trust	8½
Bank of India	8½	HFC Trust & Savings	8½	Westpac Bank Corp.	8½
Bank of Scotland	8½	● Hambros Bank	8½	Whiteaway Laidlaw	9
Banque Belge Ltd	8½	Heritable & Gen Inv Bk	8½	Yorkshire Bank	8½
Barclays Bank	8½	● Hill Samuel	§8½		
Benchmark Tst Ltd	8½	C. Hoare & Co.	8½		
Berliner Bank AG	8½	Hongkong & Shangh	8½		
Brit Bk of Mid East	8½	Lloyds Bank	8½		
● Brown Shipley	8½	Meghraj Bank Ltd	8½		
Business Mtge Tst	8½	Midland Bank	8½		
CL Bank Nederland	8½	● Morgan Grenfell	8½		
Central Capital	8½	Mount Banking Corp.	8½		

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Savewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. ‡ Mortgage base rate. § Demand deposit 3.49%. Mortgage 10% - 10.25%

FT CROSSWORD No.6,529

SET BY VIXEN



ACROSS

1 Bags containing only old instruments (8)
5 *Drink round the bar in retirement, so may well be cultivated* (6)
9 First ring a girl in error (8)
10 Objects after heartless fool uses up the money (6)
12 Material being read quite wrongly (9)
13 The German scholar's skin (5)
14 Set to go for the Scotch (4)
16 Crush tribal leaders with large following (7)
19 Ho does enjoy a good row! (7)
21 All the hands were triumphant (4)
24 Urge to be newsmen? (5)
25 Anything but modest once called outside (9)
27 Hurries back – it shows courage (6)
28 Learns about a Greek character imprisoned for intrigue (8)
29 Tear around for example being temporarily in charge (6)
30 The rush needs dampest setting, note (8)

DOWN

1 Cadge a cake (6)
2 Many branches will get advances (6)
3 Rose wants cheese, right? (5)
4 Give voice after a drink, causing annoyance (7)
6 Tied up – are prepared to cast off (9)
7 "— of life, yet prodigal of ease." (Dryden) (8)
8 Seeing sense maybe sped back *inside to get traps* (8)
11 Support others (4)
15 A number want one on acceptance (9)
17 A man of music cops more trouble! (8)
18 Getting down in proper order (8)
20 It's very pleasant on the Riviera (4)
21 Associate who's not an agreeable type? (7)
22 Quarters for accommodating dance band (6)
23 Hold on – some guys read her escapist stories! (6)
26 A record medicos put back in place (5)

Solution to Puzzle No.6,528

P	L	A	Y	G	R	O	U	P		G	A	F	F	E
I		C		R		B		L		A		L		N
N	O	R	I	A		S	A	U	C	E	B	O	A	T
T		O		N		C		M		L		A		E
O	N	B	A	D	T	E	R	M	S		S	T	I	R
		A		S		N		E		T				I
E	N	T	I	T	L	E		T	U	R	N	O	U	T
N		I		A						A		A		I
C	O	C	K	N	E	Y		R	A	M	E	S	E	S
O				D		O		E		O		T		
U	S	E	D		A	G	A	P	A	N	T	H	U	S
R		B		S		H		I		T		O		H
A	B	O	U	T	T	U	R	N		A	M	U	S	E
G		N		E		R		E		N		S		E
E	G	Y	P	T		T	E	S	T	A	M	E	N	T

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-556 1051

Intal Income Units	124.1	132.0	—	1.51
Intal Accum Units	189.9	202.0	—	1.51
UK General Acc	36.1	38.6	-0.8	3.11
UK General Inc	34.7	37.1	-0.8	3.11
American	25.2	27.0	-0.3	0.64
European	33.0	35.3xd	-0.4	0.94
Japan	50.5	53.8	-0.6	—
Technology	33.2	35.5	-0.5	1.42
Performance Trusts				
Far East Perf Tst	15.8	17.0	-0.4	0.64
High Inc Perf Tst Inc	23.0	24.6	-0.4	5.37
High Inc Perf Tst Acc	23.5	25.1	-0.4	5.37
Worldwide Tact Perf Tst	26.2	28.0	-0.2	—

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK Equity)	194.1	223.0	-3.0	2.85
Columbus (America)	118.0	126.3	-2.7	1.43
Marco Polo (Pacific)	188.9	202.1	-2.0	0.39
Da Vinci (European)	205.4	219.7	+0.1	1.91
Drake	48.6	52.0	-0.5	2.96

INSURANCES

Continued on next page

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assur.	364.4	383.6	—	-
Ebr Ph. Eq.	314.7	334.4	—	-
Pension Plan Funds				
Phoenix				
UK Equity Acc.	156.4	164.6	-3.3	-
International Acc.	118.9	124.1	-1.2	-
Property Acc.	121.9	128.3	—	-
Fixed Interest Acc.	145.8	153.4	-0.5	-
Money Acc.	135.0	142.1	+0.1	-
Bldg. Soc. Link Acc.	132.1	139.0	—	-
Special Mngd. Acc.0	138.6	145.8	-1.9	-
Phoenix/Framlington				
Intnl. Growth Acc.	80.8	85.0	-0.1	-
Amer. & Gen. Acc.	72.6	76.4	-0.7	-
Capital Tst. Acc.	170.3	179.2	+1.7	-
Japan & Gen Acc.	162.7	171.2	+1.0	-
American Turn. Acc.	72.4	76.2	-0.8	-
Recovery Tst. Acc.	158.6	166.9	-0.1	-
Special Mngd Acc.	133.8	140.8	+0.4	-
Phoenix/GT				
International Acc.	117.7	123.8	+0.6	-
US & General Acc.	86.2	90.7	+0.2	-
Amer Spec Sits Acc.	59.4	62.5	-0.3	-
Japan & General Acc.	153.7	161.7	+0.5	-
Far East & Gen. Acc.	126.8	133.4	+1.0	-
UK Capital Acc.	162.0	175.7	+1.9	-
European Acc.	125.8	132.4	-4.6	-
Special Mngd. Acc.	120.4	126.7	+0.3	-

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	262.3	276.2	-5.1	-
Max Pen Inc & Gro Fds	335.2	353.9	-8.3	-
Money Fund	110.8	116.7	+0.1	-
Pens. Mngd Fd (Init)	84.5	89.0	+0.3	-
Pens Mngd Fd (Acc)	94.2	99.2	+0.4	-
Pens FT30 Fd (Init)	125.3	131.9	-3.9	-
Pens FT30 Fd (Acc)	139.7	147.1	-4.3	-
Pens O'seas MgFd(Init)	49.4	52.0	+2.3	-
Pens O'seas MgFd(Acc)	55.1	58.0	+2.6	-
Pens Fxd Int Fd (Init)	104.8	110.4	-0.9	-
Pens Fxd Int Fd (Acc)	116.9	123.1	-0.8	-
Pens Deposit Fd (Init)	100.6	105.9	—	-
Pens. Deposit Fd (Acc)	112.2	118.2	+0.3	-

Premium Life Assurance Co Ltd

[illegible]

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222
Prufund

Managed Jan 13	191.9	199.9	-0.3	-

Prudential Holborn Life Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1661

Managed Fd.	416.1	438.1	-6.0	-
Equity Fd.	852.8	897.7	—	-
Intnl. Fd.	282.9	297.8	-3.8	-
Fixed Int. Fd.	347.8	366.2	-1.2	-
Prop. Fd.	299.9	315.7	—	-
Cash Fd.	232.7	245.0	—	-
Pacific Basin Fd.	152.9	161.0	-0.9	-
North American Fd.	112.0	117.9	-2.4	-
European Fd.	130.0	136.9	+0.1	-
Holborn Balanced Gwth Fd	-	-	—	-
Holborn Strategic Gwth Fd	-	-	—	-

Prudential Holborn Pensions Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1661

Managed	447.0	470.6	+2.3	-
Equity	664.0	677.9	+6.6	-
Global Equity	181.0	190.6	+0.1	-
Fixed Interest	354.9	373.6	-2.7	-
Property	299.6	315.4	+0.1	-
Cash	136.8	144.1	—	-
Index Linked Gilt	153.0	161.9	-1.2	-
Guaranteed	9.25	10.25	—	-
International Money	185.5	195.3	+0.3	-
North American Fd	52.1	54.9	+0.1	-
Japanese Fund	103.2	108.7	-0.1	-
European Fund	69.4	73.1	-1.9	-
Special Situations Fd.	92.1	97.0	-3.9	-
Communications Fund	79.3	83.5	+4.2	-
Smaller Cos Fund	94.3	99.3	+0.6	-

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretny JAN 6	£117.59	121.10	—	-
Equity Fund JAN 6	£125.98	129.82	—	-
Intnl Fund JAN 6	£19.54	20.19	—	-
Intl Bond Fd JAN 6	£10.04	10.18	—	-
Fixed Int JAN 6	£64.64	65.47	—	-

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅝	97⅞	Treas 7¼pc 1985–88‡‡	99⅞xd	......	7.76	9.68
102¼	99⅝	Exch 10½pc '88	100½	–⅛	10.49	8.97
101⅞	98⅝	Treas 9¾pc Cv '88	100⅛	......	9.73	9.10
98½	93¾	Transport 3pc '78–88	98⅛	......	3.05	6.69
101¾	98¾	Treas. 9½pc '88	100⅛		9.49	9.22
105⅝	101⅞	Treas 11½pc 1989	102⅛	–⅛	11.28	9.46
102⅞	97⅝	Treas 9½pc Cnv 1989	100⅛	–⅛	9.49	9.36
96⅛	89⅛	Treas 3pc 1989	95⅛		3.14	6.43
104⅞	99⅞	Treas 10½pc 1989	101⅜	–⅛	10.37	9.49
103⅞	98⅞	Exch 10pc 1989	100⅜xd	–⅛	9.99	9.51
105⅜	100⅞	Exch 11pc 1989	102⅛	–⅛	10.76	9.53
96⅛	89⅞	Treas 5pc 1986–89	95⅛	–⅛	5.25	7.93
108⅞	99⅞	Exch 10¼pcCv '89	101⅞	–⅛	10.06	9.07
111⅞	104⅞	Treas 13pc 1990‡‡	106⅛xd	–⅛	12.25	9.54
106⅛	100⅞	Exch 11pc 1990‡‡	102⅞xd	–⅛	10.72	9.56
110⅞	103⅞	Exch. 12½pc 1990	105⅝	–⅛	11.84	9.59
92⅞	84⅛	Treas. 3pc 1990	91⅜		3.28	7.07
100⅞	93⅞	Treas 8¼pc 1987–90‡‡	98⅝	–⅛	8.38	8.94
52¼	50	Tr. 8pc Cv 1990 (50pd)	50⅛	–⅛	8.16	8.90
105	97½	Treas. 10pcCv 1990	101⅛	–⅛	9.90	9.55
91⅞	81⅞	Exch 2½pc 1990	88⅝	+⅛	2.82	6.88
110¼	102⅞	Treas 11¾pc 1991	105⅛	–⅛	11.14	9.59
95⅞	87⅛	Funding 5¾pc '87–91‡‡	92⅝	–⅛	6.20	8.35
90⅞	80⅛	Treas. 3pc 1991	87⅞	–⅛	3.42	7.25
110⅝	98⅞	Treas 10pc Cv '91 ‡‡	101⅜	–⅛	9.79	9.26
109⅝	101⅞	Exch. 11pc 1991	104⅝	–⅛	10.55	9.61
99	91⅞	Treas. 8pc 1991	95⅛	–⅛	8.42	9.53
116⅞	107⅞	Treas 12¾pc 1992‡‡	110⅛xd	–⅛	11.55	9.65
106⅞	97⅞	Treas 10pc 1992	102⅛	–⅛	9.89	9.65
99⅛	90⅞	Treas. 8pc 1992 ‡‡	94⅝	–⅛	8.45	9.53
108⅞	99⅛	Treas 10½pc Cv 1992‡‡	102⅞	–⅛	10.21	9.67
86⅛	79⅞	Treas. 3pc 1992	83⅝	–⅛	3.59	7.46
115⅞	105⅞	Exch. 12¼pc '92	108⅞	–⅛	11.26	9.80
121⅞	110⅞	Exch 13½pc 1992	113⅞	–⅛	11.91	9.85
		Five to Fifteen Years				
107⅞	97⅞	Treas 10pc 1993‡‡	100⅞	–⅛	9.91	9.77
118⅞	107⅛	Treas 12½pc 1993‡‡	111xd	–⅛	11.27	9.87
95⅞	82⅛	Funding 6pc 1993‡‡	89⅞		6.73	8.44
125⅞	113⅛	Treas 13¾pc 1993‡‡	116⅛	–⅛	11.80	9.93
129⅞	117⅛	Treas 14½pc 1994‡‡	120⅞	–⅛	12.02	9.91
134⅞	112⅞	Exch 13½pc 1994	115⅞	–⅛	11.68	10.07
107⅛	97⅞	Treas. 10pc Ln. 1994‡‡	100⅛	–⅛	9.95	9.88
120⅞	106⅞	Exch. 12½pc 1994	111⅛	–⅛	11.24	10.10
103⅛	92⅞	Treas 9pc 1994‡‡	95⅞	–⅛	9.37	9.80
118⅛	105⅞	Treas 12pc 1995	109⅛xd	–⅛	10.99	10.14
84⅛	76	Exch 3pc Gas 90–95	80⅛	–⅛	3.74	6.44
109⅞	97⅛	Exch. 10¼pc 1995	100⅞xd	–⅛	10.15	10.05
123⅞	110⅞	Treas 12¾pc 1995‡‡	113⅞	–⅛	11.18	10.10
130⅞	116⅛	Treas. 14pc '96	119⅞xd	–⅛	11.67	10.27
102⅞	92	Treas 9pc 1992–96‡‡	95⅛	–1⅛	9.42	9.79
139⅞	123⅞	Treas 15¼pc 1996‡‡	127⅛	–1⅛	11.98	10.27
127⅞	113⅞	Exch 13¼pc 1996‡‡	116⅞	–1	11.32	10.16
89⅞	81⅛	Redemption 3pc 1986–96	83⅞	–⅛	3.57	5.29
108⅞	95⅛	Conversion 10pc 1996	99⅛	–1	10.07	10.11
128⅞	113⅛	Treas 13¼pc 1997‡‡	117⅞xd	–1⅛	11.26	10.20
111⅞	98⅛	Exch 10½pc 1997	101⅞	–1⅛	10.31	10.17
101⅞	88⅞	Treas 8¾pc 1997‡‡	92⅛	–1⅛	9.48	10.00
140⅞	123⅞	Exch 15pc 1997	127⅞	–1⅛	11.74	10.39
106⅞	93⅞	Exch. 9¾pc 1998	97⅞xd	–1⅛	9.99	10.13
88⅞	78	Treas 6¾pc 1995–98‡‡	81⅛	–⅞	8.30	9.64
145⅞	128⅛	Treas. 15½pc '98‡‡	132⅞	–1⅛	11.68	10.35
122⅞	107⅞	Exch. 12pc 1998	111⅛	–1⅛	10.79	10.25
106⅞	92⅞	Treas 9½pc 1999‡‡	96⅛xd	–1⅛	9.81	9.98
124⅞	109⅞	Exch. 12¼pc 1999	113⅛	–1⅛	10.83	10.24
113	98⅛	Treas. 10½pc 1999	102⅞	–1⅛	10.25	10.12
111⅞	96⅞	Conversion 10¼pc 1999	100⅞	–1⅛	10.14	10.08
100⅛	86⅞	Treas. 8½pc Ln 2000‡‡	90⅛xd	–1⅛	9.41	9.88
103⅞	89⅛	Conversion 9pc 2000‡‡	93⅞	–1⅛	9.64	9.94
131⅛	114⅛	Treas. 13pc 2000	119⅛xd	–1⅛	10.92	10.26
110⅞	95⅞	Treas 10pc 2001	99⅞	–1⅛	10.09	10.02
134⅞	118⅞	Treas. 14pc '98–01	122⅞	–1⅛	11.42	10.37
108⅞	93⅞	Conversion 9¾pc 2001	98⅛xd	–1⅛	9.94	10.00
122⅛	107	Exch. 12pc '99–02	111⅛xd	–1⅛	10.78	10.26
110⅞	96	Conversion 10pc 2002	100⅛	–1⅛	9.99	9.97
109	94⅞	Treas 9¾pc 2002	98⅛	–1⅛	9.93	9.98
103	89	Exch. 9pc 2002	93⅛	–1⅛	9.67	9.89
		Over Fifteen Years				
136⅞	119⅞	Treas. 13¾pc 2000–03	123⅞xd	–1⅛	11.09	10.30
111⅞	96⅛	Treas 10pc 2003	100⅞	–1⅛	9.94	9.92
121⅞	105⅛	Treas. 11½pc 2001–04	109⅞	–1⅛	10.46	10.11
111⅞	96⅞	Treas. 10pc 2004	100⅞	–1⅛	9.92	9.89
59⅛	51⅞	Funding 3½pc '99–04	54⅞xd	–⅛	6.39	8.71
107⅞	92⅛	Conversion 9½pc 2004	97⅛	–1⅛	9.78	9.85
107⅛	92⅞	Conversion 9½pc 2005	97⅛	–1⅛	9.77	9.83
116⅛	101⅞	Exch.10½pc 2005	105⅞	–1⅛	9.95	9.82
132⅞	115	Treas. 12½pc 2003–05	119⅞	–1⅛	10.43	9.97
94⅞	81⅛	Treas. 8pc 2002–06‡‡	85⅛	–1⅛	9.41	9.74
110⅛	95	Conversion 9¾pc 2006	99⅞	–1⅛	9.81	9.82
126⅛	108⅞	Treas. 11¾pc 2003–07	113⅞xd	–1⅛	9.945	9.92
99⅞	85⅞	Treas 8½pc 2007 ‡‡	89⅞xd	–1⅛	9.482	9.68
142⅞	123⅞	Treas. 13½pc '04–08	128⅛	–1⅛	10.52	9.94
104⅞	89⅞	Treas. 9pc 2008 ‡‡	94⅛	–1⅛	9.57	9.66
102	90⅛	Treas. 9pc Ln 2008 "A"	94	–1⅛	9.57	9.66
94⅞	81⅞	Treas 8pc 2009	85⅛	–1⅛	9.39	9.63
101⅞	89⅛	Conv 9pc Ln 2011	93⅛	–1⅛	9.62	9.69
69⅞	59⅞	Treas. 5½pc 2008–12‡‡	62⅛	–⅞	8.78	9.42
91⅞	79⅞	Treas. 7¾pc 2012–15‡‡	82⅞xd	–⅞	9.41	9.58

BRITISH FUNDS – Contd

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
134⅞	116⅞	Exch. 12pc '13–'17	121⅞	–1⅛	9.90	9.73
		Undated				
45⅛	39⅞	Consols 4pc	41⅞xd	–⅛	9.57	–
41⅞	34⅞	War Loan 3½pc‡‡	37⅛	–⅛	9.40	–
52⅞	46⅛	Conv. 3½pc '61 Aft	48⅞	–⅛	7.13	–
34⅞	29⅞	Treas. 3pc '66 Aft	30⅞	–⅛	9.70	–
29⅞	24⅞	Consols 2½pc	26⅛	–⅛	9.70	–
29⅞	24⅞	Treas. 2½pc	26⅛	–⅛	9.63	–
		Index–Linked			(1)	(2)
133⅞	125⅛	Treas. 2pc '88(297.1)	133⅞		–	–
119⅛	108⅞	Do. 2pc '90(333.9)	117⅞xd	–⅛	1.35	2.60
101⅛	93⅛	Do. 2pc '92‡‡ (385.8)	99⅛	–⅛	2.41	3.02
130⅞	119⅞	Do. 2pc '96(267.9)	127⅛	–⅞	3.65	3.96
111⅛	96⅛	Do 2½pc '01 (308.8)	104⅛	–1⅛	4.14	4.36
110	94⅛	Do. 2½pc '03(310.7)	101⅛	–1⅛	4.13	4.33
113⅞	94⅞	Do. 2pc '06(274.1)	102⅛xd	–1⅛	4.13	4.29
108	89⅞	Do. 2½pc '09(310.7)	95⅞	–1⅛	4.12	4.27
113⅞	93⅞	Do. 2½pc '11(294.1)	99⅞	–1⅛	4.09	4.24
95⅛	76⅞	Do. 2½pc '13(351.9)	82⅛xd	–1⅛	4.09	4.23
103⅛	83⅛	Do. 2½pc '16(322.0)	88⅞xd	–1⅛	4.03	4.16
101⅞	81⅞	Do. 2½pc '20 (327.3)	87⅛	–1⅛	3.99	4.07
86⅞	68⅞	Do. 2½pc '24 ‡‡(385.3)	73xd	–1⅛	3.90	4.02

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for April 1987:101.8 and for November1987: 103.4
(rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
113⅞	97⅛	African Dv Bk 11¼Ln 2010	100⅞xd	–1⅛	11.05	11.05
109⅞	93	Asian Dev Bk 10⅛pcLn2009	96⅞	–1⅛	10.61	10.65
136	117⅛	Australia 13½pc 2010	120⅞xd	–1⅛	11.19	11.01
118⅛	100⅛	Do. 11⅛pcLn2015	103⅛	–1⅛	10.96	10.94
115⅛	99⅛	Euro Inv Bk 11pc Ln 2002	103⅞	–⅞	10.60	10.53
110⅛	94⅛	Do. 10⅛pc2004	98⅞	–1⅛	10.52	10.54
126⅛	109⅞	Int–Am Dev Bk 12½pc 2003	112⅞	–1⅛	11.09	10.76
104⅛	88⅛	Do. 9¾pcLn 2015	91⅞	–1⅛	10.69	10.74
97⅛	83	Mlysia 10⅛pcLn 2009	87⅞xd	–1⅛	12.35	12.50
115	98⅛	NZ 11¼pc 2008	102⅞	–1⅛	11.01	10.97
123⅛	100⅞	Do 11½pc 2014	104⅛	–1⅛	11.02	10.98
130⅞	100⅞	Sweden 13½pc Ln 2010	121⅞xd	–1⅛	11.11	10.90
102⅞	95⅛	Utd. Mexican States 16½pc 2008	97⅞	–⅞	16.90	20.54

CORPORATION LOANS

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
109⅛	103	Birmingham 13½pc 1989	105⅞	+⅛	12.81	10.20
119	100⅛	Do. 11½pc 2012	101⅞	–1⅞	11.28	11.25
95⅞	82⅛	GLC 6¾pc 1990–92	89½	–½	7.54	11.33
132½	115	Leeds 13½pc 2006	128	......	11.25	14.20
35	22	Liverpool 3½pc Irred	30⅛	......	11.38	–
96	85	LCC 6½pc '88–90	91xd	......	7.42	10.51
31½	21	Do. 3pc '20 Aft	26⅛	......	11.21	–
115	103½	Manchester 11½pc 2007	104	......	11.06	10.80

COMMONWEALTH & AFRICAN LOANS

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
92⅞	81⅛	NZ 7½pc 1988–92	88⅛	–⅞	8.22	9.90
205	165	S Rhod 2½pc Non–Asstd	204	......	–	–
78	65	Do. 4½pc 87–92 Asstd	72xd	......	–	–
860	70	Zimbabwe Ann (£100pa)	87	......	–	–

LOANS

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101⅞	100	N'wide 11½pc 18.1.88	100	–⅛	11.13	11.14
101½	99	Do. 10⅞pc 15.2.88	100⅛	......	10.81	9.16
101⅞	99⅞	Do 10½pc 7.3.88	100⅛	......	10.48	9.16
101⅞	99⅞	Do. 9⅞pc 11.4.88	100⅛	+⅛	9.92	9.23
102	98	Do. 9⅝pc 3.5.88	100⅛	+⅛	9.68	9.34
101	98⅛	Do. 8⅞pc 23.5.88	99⅞	+⅛	8.89	9.41
100⅛	98⅛	Do. 8⅞pc 20.6.88	99⅞	......	8.96	9.52
100⅞	98⅛	Do. 9⅝pc 11.7.88	100⅛	......	9.62	9.50
100⅞	99	Do. 10pc 1.8.88	100⅛xd	–⅛	9.97	9.52
101⅛	99⅛	Do 10½pc 22.8.88	100⅛	–⅛	10.52	9.69
101⅛	99⅞	Do. 10⅞pc 12.9.88	100⅛	–⅛	10.75	9.79
101⅞	99⅞	Do. 10⅝pc 26.9.88	100⅝	–⅛	10.58	9.79
101⅞	100⅛	Do. 10⅛pc 31.10.88	100⅛	+⅛	10.15	9.58
102⅞	84	Do. 3⅞pcIL Ln 2021	89		4.76	4.90
		Public Board and Ind.				
93⅞	84	Agric. Mt. 5pc '59–89	91⅞	......	5.45	10.40
48	38½	Met. Wtr. 3pc 'B'	46½	–½	6.38	9.02
		Financial				
103½	97½	Inv in Ind 11pc UnLn '88	99½	......	11.00	11.65
107	99	Do. 11⅞pc Uns.Ln. '90	103½xd	......	11.35	11.69
98½	83½	Do 7¼pcADb89–92	89½	......	8.10	10.25
113½	103	Do. 12½pc Un. Ln. 1992	108⅝	......	11.52	10.70
98½	81⅞	Do. 7¼pcA '91–94	89½	......	7.97	7.40
101½	89⅞	Do. 9pcA '91–94	99½	......	9.20	9.98
100	85⅞	Do. 8⅞pcLn '92–97	97½	......	8.96	7.25

FOREIGN BONDS & RAILS

1987/88 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
53	42	Greek 7pc Ass	45	......	3.50	17.42
52	40	Do. 6pc 28 Stb. Ass	45	......	3	16.37
50	45	Do 4pc Mixed Ass	45	......	2	14.44
66	58	Hung. '24 Ass	63	......	2.75	14.22
146½	127⅞	Hydro Quebec 15pc 2011	130⅞	–1½	15.00	11.31
136⅛	115⅞	Iceland 14½pc Ln 2016	118⅞	–1⅞	14.50	12.15
103½	94	Ireland 9¾pc '91–96	96½	–1⅛	9.75	10.58

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

AMERICANS – Contd

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
39	21	Rep NY Corpn $5	23½	–1	$1.16	–	2.7
18⅝	8⅞	Rockwell Intl. $1	9¼	–⅛	66c	–	3.9
30½	16¾	Sara Lee $1(1/3)	18⅞xd	–¼	$1.00	–	2.9
11⅝	8⅞	Saul (B. F.) $1	8⅞xd	–⅛	20c	–	1.2
27½	2¼	Southwestern Bell $1	18⅞	+¼	$2.32	–	6.8
22½	994p	Staley Continental	11⅝	+¼	80c	–	3.8
44½	21⅝	Sun Co. Inc. $1	27⅞	–¼	$3.00	–	5.9
42¼	22¼	TRW Inc. $0.625	26⅞xd	–⅛	$1.60	–	3.4
37⅝	21	Tenneco $5	23⅛xd	–⅛	$3.04	–	7.2
220	149½	Do. 10pcLn.Stk. 91-5	155xd	......	10%	–	14.7
29½	15⅝	Texaco $6.25	21⅞xd	+⅛	$3.00	–	7.7
74½	36⅝	Time Inc. $1	44⅝xd	......	$1.00	–	1.2
30⅝	15	Transamerica $1	16⅝xd	–⅛	$1.84	–	6.1
14⅝	1¼	Transworld Corp $5	825p	–27	20c	–	1.3
27½	12¼	TRINOVA Corp	16	+⅛	56c	–	1.9
24½	12⅞	USX $1	16⅛	–⅛	$1.20	–	3.9
37⅝	16⅝	Utd. Technologies	18⅞xd	–⅛	$1.40	–	4.1
38⅝	25⅞	US West	27⅞	–⅛	$3.28	–	6.6
30½	17⅞	Waste Management $1	19⅞	–⅛	–	–	–
31⅝	11⅝	Whirlpool $1.0	13⅞	–⅛	–	–	–
37⅝	16½	Woolworth $3½	19⅛	–⅛	$1.32	–	3.7

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES — Contd

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
515	300	Pearl Group 5p	445	+1	†10.5	–	3.2	–
*£11½	735	Prudential	828	–19	†24.0	–	4.0	–
998	390	Refuge 5p	458	–	15.75	–	4.8	–
995	345	Royal	498	+5	†§15.5	–	5.3	–
130	65	Sabre Ins. Inc.	80	–	–	–	–	–
*345	168	Sedgwick Group 10p	229	–	12.0	1.7	7.5	9.3
359	138	Steel Burrill J.10p	153	–1	†9.0	2.0	8.1	8.5
612	303	Stenge Hldgs 20p	405	–20	8.5	♦	2.9	♦
£12½	645	Sun Alliance	845	–5	†21.5	–	3.5	–
£13	865	Sun Life 5p	956	–7	†28.5	–	4.1	–
[illegible]	[illegible]	♥Taisho M EDR	[illegible]	[illegible]	[illegible]	–	1.0	–
£22¼	£12½	Torchmark $1.00	£13½	–⅛	Q$1.00	–	4.1	–
430	235	Trade Indemnity	365	–	14.3	–	2.6	–
£34	£17¾	Travelers $1.25	£19¼	–	$2.28	–	6.4	–
£30⅝	£15⅛	USF & G Corp $2.50	£16⅝	–⅛	Q$2.48	–	8.0	–
£33¼	£15⅛	USLIFE Corp. $1.0	£15⅝	–¼	Q$1.28	3.2	4.5	7.0
798	525	Wind Friendly B 10p	550	+5	21.0	–	5.2	–
464	192	Willis Faber 12½p	233	–2	†10.75	2.4	6.3	8.9
128	41	Windsor Secs. 10p	71	+3	†0.7	1.5	1.4	–

LEISURE

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
37¼	10	MA & M Group 10p	13	+1	–	–	–	–
242	77	Airtours 10p	97	+2	145.4	♦	8.1	♦
*549	253	Anglia TV	379	–	†♦21.25	3.3	4.1	10.5
194	77	♦Aspinall Hldgs. 10p	163	–	†6.0	1.2	5.0	22.3
141	62	Avenue 1p	80	–1	0.5	6.7	0.9	22.6
72	40	♦BCE Hldgs 5p	44	–	141.0	♦	3.3	♦
308	132	Barr & W.A.T. 'A'	182	–3	†8.0	1.4	6.0	14.8
58	21	Bond Media	22	–	–	–	–	–
255	165	Boosey & Hawkes	172	+2	–	–	–	–
83	28	♦Border T.V.	40	–1	1.4	2.4	4.8	11.6

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES — Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND — Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS — Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES — Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

Industrials

[illegible]

Property

[illegible]

Oils

[illegible]

Mines

[illegible]

A selection of Options traded is given on the London Stock Exchange Report Page

Account Dealing Dates

First Dealings	Option Declarations	Last Dealings	Account Day
Dec 21	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 4	Feb 5	Feb 15

*New time dealings may take place from 9.00 am two business days earlier.

Government bonds collapse after auction failure and equities ease in thin trade

BALEFUL INFLUENCES from across the Atlantic continued to hang over the UK stock market yesterday. With the US currency weak for most of the session, the blue chip dollar-earning stocks suffered sharp falls, with the notable exception of **BAT Industries** which bounded ahead on news of the $4.2bn acquisition of a major US insurance group.

Government bonds received a "terrible shock" when it was disclosed that the auction of £1bn medium-dated stock had proved a complete failure. With bids of £1.07bn barely covering the stock offered, and indicating an almost complete absence of retail demand, the Bank sold the new stock to marketmakers at prices substantially below pre-auction levels.

Bond prices collapsed by a full point and more, leaving marketmakers' books loaded with the new Treasury stock, and no buyers in sight. One US bank, accustomed to the auction system of the Federal authorities, "couldn't believe that the (London) auction could turn out so badly."

With investment decisions now in limbo until tomorrow's announcement of the trade figures for November, turnover in equities was light yesterday. Trading volume of 370.7m shares was below even the moderate levels of the past two sessions.

The market opened only a shade off, reflecting relief that Wall Street had rebounded from the poor opening which upset London at the close of the previous day's trading. No buyers could be found, however, and there were still sufficient reasons for uncertainty to push prices downwards.

The FT-SE 100 Index closed 5.8 lower at 1733.4, having steadied towards the end of the session.

The lacklustre performance of the bulk of ther equity market left the oil share sector to hold the centre of the stage again, as the City braced itself for the outcome of the **British Petroleum/Britoil** saga. Traders were convinced that BP will very shortly announce share exchange terms for its bid for Britoil. Shares in Britoil surged ahead as traders tried to guess the terms of the deal.

Among the internationals, ICI and **Shell** suffered heavy falls on currency concerns. **Glaxo** also gave ground, although the loss was restrained by underlying support for the shares.

The retail sector turned down as **Dixons** disclosed interim results which disappointed the market, even after the warning delivered from the boardroom last month.

The setback in the Government bond market covered the full range of the sector. The "tail", or spread of bids at the auction, covered 1½ points, and obliged some market firms to take the new stock at 41½, the low of the range, against a pre-auction quotation of 42 30/32.

By the end of the day, the new stock was trading at 42 12/32 for a yield of 10.01 per cent. Traders saw some support when the yield moved above 10 per cent and the price had rallied from 42. The medium sector showed net falls of around 1¼ points on the day, and, like the rest of the sector, saw virtually no retail interest.

Losses of a full point were registered at the long end of the market where yields were within a whisker of 10 per cent. The market closed in a subdued mood, with several analysts questioning whether the Bank of England will persist with the auction system for stock sales after the abysmal collapse of the third experimental auction, which had been specified as the final trial.

BAT Industries moved positively to expand its international business, laying seige to the US Farmers Group with one of the largest offers ever made outside the oil sector. The UK tobacco to financial services giant is bidding $4.2bn cash for the California-based general insurance company, which ranks among the first ten in the US.

The immediate reaction of marketmakers was to lower BAT shares sharply. But the price rallied as analysts agreed that Farmers would be a good acquisition at the price of $60 a share. Mr Patrick Sheehy, BAT chairman, admitted making the first approach to Farmers before the October market crash but this was rebuffed. He was not aware of any significant change in the US company's attitude since then.

Mr. Sheehy refused to speculate on the possibility of other interested parties entering the fray. Market stories, however, mentioned the Ford Motor of the US, and Allianz, the Western German insurance group, as possible contenders. BAT shares roared higher late on aggressive domestic buying and closed 15 up on the day at 435p, having touched 407p early in the session.

Britoil shares were a relatively quiet market for much of the session but suddenly came to life in the afternoon when BZWbid the stock up to 463p. Turnover picked up accordingly and totalled 5.7m shares at the close.The aggressive demand was again accompanied by stories that the BP formal offer– expected today – will comprise a two–for–one share exchange with a cash alternative. At last night's closing level for BP fully–paid the terms would value Britoil at 508p a share. But after hours there was speculation that the BP offer would comprise one BP share and a top up in cash to the 450p mark.

Salomon Bros, known to have acted for Atlantic Richfield during the saga, were thought not to have bought any further shares in Britoil yesterday.

Other oil and gas issues, initially made progress, slipped back in mid-session and picked up again late in the day as crude oil prices rallied strongly after the recent slide. February Brent was trading around the $16.35 a barrel level towards the close – a day's gain of around 65 cents– having topped at $16.65. BP "old" were finally unchanged on balance at 254p after a turnover of 3.2m shares, while the "new" partly–paid, where the Kuwait Investment Office was said to have resumed its buying interest– albeit in a much more subdued fashion, closed ½ up at 72½p, after 73p; "It may have been quiet stuff but they haven't finished with BP yet" said a leading dealer in BP. The KIO stake was last announced as being 18.34 per cent.

British Gas settled a fraction easier at 135p on a turnover of 6.3m shares. **Lasmo** picked up to close a couple of pence up at 287p and **Ultramar**, where stories that Sir Ron Brierley has been offered 250p a share for his 12 per cent plus stake rewfused to lie down, jumped late to close 10 up at 205p.

Dixons shares, hit before and after Christmas by numerous profits downgradings, suffered another major blow and slumped 16 to 186p, after 185p, after revealing interim profits of £49.5m. This figure was well below the most pessimistic forecasts by city analysts which had ranged from around £50m to £52.5m. Turnover totalled 7.3m shares,indicating some hefty selling pressure in the stock.

Accompanied by a forecast from Mr. Stanley Kalms, the chairman, that profits for the full year would be "disappointing" retail analysts were quick to reduce their estimates for the twelve months with Wood Mackenzie said to have reduced to £120m, Warburgs to £110m and Citicorp Scrimgeour Vickers –the first to predict the poor Christmas numbers from Dixons – to £105m.

Rolls-Royce had an uncertain session as the market pondered the implications of the deadline passed earlier this week for disposal of foreign holdings above the 15 per cent maximum level set in the privatisation document. The shares fell away to close 6 down at 128p as the company said it expects that a "significant residue" of excess foreign shareholders have not yet sold their shares.

Unless holders have already executed sales, which are in process of registration, arrangements will be made for the company to sell excess holdings after February 8.

Pearson shares had an active session, dipping to 690p on talk of a possible hitch in the group's intended acquisition of Les Echos, the French newspaper group, before rebounding sharply ahead of the disclosure that the Mr Rupert Murdoch had increased his stake to 19.8 per cent of Pearson by the purchase of the 4.9 per cent stake held by Sig. Carlo de Benedetti.

Buyers quickly appeared for Pearson stock as the market caught hints that the de Benedetti stake had been sold, and with first reports mistakenly over-stating the size of Murdoch's increased holding, the shares touched 775p, compared with the 850p price of the de Benedetti deal, before reacting to close at 768p, a net 53 higher on the day. Turnover jumped to 1.8m shares.

The insurance sector was upset by Bats' move to acquire US insurance group Farmers – "UK insurance issues have been held up by takeover speculation for some time and this news has caused a lot of selling pressure" said one dealer.In the lifes Legal and General, additionally depressed by a profits downgrading by BZW, lost 12 to 266p.

Further buying-in purchases, making a total of 1.8m shares over the past two sessions, supported **Guinness** and the close was 4 higher at 300p. Other Breweries traded lightly with the exception of **Burtonwood** which, on speculation that Wolverhampton & Dudley could launch a new bid for the company, surged forward 20 to 150p. Marketmakers were sceptical of the rumours but confirmed a marked increase in buying activity, reporting more business over the past forty eight hours than in the previous two months.

ICI went lower as the dollar came under further pressure, but later steadied as the US currency rallied. ICI ended ¼ down at £11⅝.

Disappointment with Dixons' half-year results spilled over into **Woolworths**, which owns the major electrical goods retailer Comet; Woolworth shares dropped 12 to 255p on a turnover of 1.8m but leading analysts were much more confident in the recent performance of the Woolworths unit.

Burton Group remained under the shadow of the DTI investigation and eased 4 more to 220p on a turnover of 220p – "there's a lot of nervousness in this market" said one trader.

Marks and Spencer dipped 2½ to 179p with 2.7m shares going through the system. **Storehouse** were finally 7 off at 250p amid rumours of a "sell" signal from a leading securities house. But **Next** jumped 8 to 287p –with Citicorp Scrimgeour Vickers said to be sizeable buyers – after analysts gave a good reception to a company presentation on the Next Directory mail order launch.

Hawker were unsettled by currency influences and drifted back to close 10 lower at 442p, while **ML Holdings** dipped 11 to 122p after news of the proposed one-for-three rights issue at 110p, to raise £12.8m net. Among other Engineering stocks, **Frederick Cooper** were unaffected by funding news and the proposed acquisition of The Park Rubber Group. **MS International** advanced 10 further to 111p as the company rejected the unwelcome offer from Dobson Park.

Light profit-taking left its mark on **Tate and Lyle** and **S. & W. Berisford**, the former falling 17 to 773p and the latter 12 at 303p. **United Biscuits** held up well, at 264p, with sentiment helped by news of the sale of its US-based Speciality Brands businesses to McCormick, the US spice company, and Campbell, the foods group, for undisclosed sums. The disposals will end one of the less successful US acquisitions by the UK company and lessen exposure to US currency influences; 2.7m United Biscuits shares were traded yesterday.

Dealings re-started in **Brewmaker** at 43p and the close was 39p. This compares with a suspension price of 37p ahead of the bid from South African company Jarat, a company controlled by South African businessman Tony Acton.

Among the international stocks, **BOC**, currently rated a "sell" by Wood Mackenzie (WM), reacted further to 385p before recovering to close 12 down on balance at 391p. **Boots**, another WM "sell", fell to 242p prior to ending 6 off on the day at 245p aided by talk of favourable developments concerning the company's heart drug Flosequinan. **Glaxo** held up reasonably well, closing only a shade cheaper at 978p. **Pilkington** resisted the trend, rising 8 to 242p amid a volume of 4.2m shares as hopes continued of BTR returning with a fresh offer for the company.

Southern Business Group featured a jump of 19 to 308p in response to good preliminary figures while **Bespak**, reflecting bumper interim results, advanced 10 to 210p. Profit-taking clipped 10 from **Airsprung**, at 220p, and 5 from **Beaverco**, at 195p. **British Vita**, which announced yesterday that its Vitafoam subsidiary is already supplying foams meeting the higher specification required for all furniture from February 1989, improved 11 to 441p. Disappointing annual results left **Oakwood** 45 cheaper at 455p. Another good trade developed in **British Airways** (some 3.6m shares changed hands) as the market continued to assess the possible benefits from the British Caledonian takeover and the close was 7 up at 159p.

Spectrum Group, a distributor of computer equipment, surged to 60p before closing a net 9 up at 57p on news that Cramer Holdings had acquired a 24.66 per cent holding in the company from Parkfield Group.

Another sizeable US acquisition helped steady **Lucas Industries** which settled with little alteration on balance at 564p. The UK motor component and aerospace group is paying nearly $18m cash for Lear Siegler Power Equipment of Cleveland, a world leader in the design and manufacture of systems for commercial and military aerospace programmes. The good advance in **Associated Newspapers** since last week's preliminary figures was halted as some short-term investors took profits, and the shares settled 11 down at 468p. **Bunzl** were another casualty, falling 6 to 168p after news that US distribution and merchanting operations were being expanded via two acquisitions at a cost of £8.1m.

Marketmakers could offer no specific reason for overall weakness in the Property sector apart from the general market conditions. Leading issues came under a certain amount of selling pressure, notably **MEPC** which dipped 12 to 440p on a turnover of 3.4m shares. **Land Securities**, with 1.9m shares traded, settled 10 lower at 460p. **British Land** were another dull feature and closed 8 down at 2508p.

Traded option contracts totalled 32,074 comprising 15,808 calls and 16,266 puts. **British Gas** attracted 1,469 calls and 2,041, while **Hanson** 1,183 calls and 1,912 puts. The **FTSE** contract contributed 1,364 calls and 2,534 puts.

Traditional Options

- First dealings Jan 4
- Last dealings Jan 15
- Last declarations Apr 7
- For Settlement Apr 18

For rate indications see end of London Share Service

Interest in the Traditional option market tended to fade a little yesterday. Stocks to attract money for the call included **Plessey, Benjamin Priest, Cullens, Pict Petroleum, Blacks Leisure, Astra Holdings, Kalon, BOM Holdings** and **GRA**. A put was arranged in **Lasmo**, while double options were transacted in **British Petroleum partly paid** and **Plessey**.

FINANCIAL TIMES STOCK INDICES

	Jan. 13	Jan. 12	Jan. 11	Jan. 8	Jan. 7	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	86.97	87.54	87.60	87.38	87.82	84.82	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.46	94.62	94.52	94.14	94.23	91.26	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1391.1	1396.9	1417.4	1424.5	1434.5	1389.0	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	286.1	290.8	296.5	308.6	312.5	335.5	497.5 (4/8/87)	261.6 (6/11/87)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.48	4.46	4.40	4.37	4.34	4.12				
Earnings Yld. %(full)	11.21	11.14	11.01	10.92	10.84	9.72				
P/E Ratio (net)(*)	10.93	11.00	11.13	11.23	11.31	12.62				
SEAQ Bargains (5pm)	20,826	23,743	27,733	30,088	27,642	28,431				
Equity Turnover (£m)	-	-	994.15	1241.28	1295.90	1184.39				
Equity Bargains	-	-	31,429	32,299	31,525	36,980				
Shares Traded (ml)	-	-	408.8	496.1	534.1	489.5				

S.E ACTIVITY

Indices	Jan. 12	Jan. 11
Gilt Edged Bargains	-	112.4
Equity Bargains	-	203.6
Equity Value	-	2009.4
5-Day average		
Gilt Edged Bargains	-	109.4
Equity Bargains	-	200.4
Equity Value	-	2380.5

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1394.8	1391.9	1384.8	1386.0	1388.5	1389.3	1385.9	1388.4

Day's High 1395.3 Day's low 1383.3

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.81.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (6).

CANADIANS (1) Darlen Inds., BANKS (1) Moorgate Mercantile Hldgs., OILS (1) Britoil, MINES (1) Anglo Amer. Coal.

NEW LOWS (29).

LOANS (1) Nationwide Anglia 11⅝pc. 18.1.88, CANADIANS (1) Trans. Can. Pipe, BANKS (2) Benchmark, MCorp, BREWERS (1) Clark (Matthew), ELECTRICALS (3) Multitone Elect., Murray Electronics, Philips Lamps Hldgs., INDUSTRIALS (3) Coated Electrodes, Doctus, Pacer Systems, LEISURE (1) Molinaire Vision, PAPERS (1) Ferry Pickering, PROPERTY (1) Wood (J.D.), TRUSTS (4) Cambrian & General C-p., Conti. Assets Tst. Warrants, Greenfriar Inv., New Darien Oil Tst., MINES (7) Buffels, Harmony, Anglo Amer., Jo'burg Cons., Paringa Mining/Exploration, Gopeng Berhad, Tronoh.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	754	Enterprise Oil	486	Prudential	484
Allied-Lyons	1,700	Fisons	600	Racal	3,500
Amstrad	4,100	Gen. Accident	280	Rank Org.	794
Argyll Group	695	Gen. Elect.	6,500	RMC	738
Assoc. Brit. Foods	133	Glaxo	1,400	RHM	623
BAA	1,080	Globe Investment	495	Reckitt & Col.	36
BAT	3,700	Granada	381	Redland	566
BET	900	Grand Met	1,400	Reed Intl.	649
BICC	9	GUS A	271	Reuters	827
BOC	2,800	Guardian R.E.	165	RTZ	1,900
BPB Inds	1,100	GKN	1,400	Rolls-Royce	3,800
BTR	1,500	Guinness	4,100	Rothmans	798
Barclays	2,700	Hammerson	326	Rowntree	64
Bass	252	Hanson Trust	4,300	Ryl Bank Scotland	853
Beecham	3,600	Hawker Sidd	622	Royal Insurance	1,300
Blue Arrow	1,200	Hillsdown Hldgs	1,600	STC	748
Blue Circle	2,000	IMI	99	Saatchi & Saatchi	1,100
Boots	4,200	ICI	933	Sainsbury	274
Brit. Airways	3,600	Jaguar	1,100	Scott & Newcastle	509
Brit. Aero	1,800	Ladbroke	2,400	Sears	2,000
Brit. & Comm.	750	Land Securities	1,800	Sedgwick	469
British Gas	6,300	Laporte	30	Shell Trans	2,400
Britoil	5,700	Legal & Gen.	1,600	Smith & Nephew	1,500
BP	3,100	Lloyds Bank	2,300	Standard Chart.	125
Brit. Telecom	3,700	LASMO	252	Storehouse	1,300
Bunzl	2,300	Londo	1,000	Sun Alliance	192
Burmah Oil	324	Lucas	565	T & N	804
Burton	4,300	MEPC	3,400	TSB	1,000
Cable & Wire	1,300	Marks & Spencer	2,700	Tarmac	1,200
Cadbury Schweps	570	Maxwell Comms.	1,090	Tesco	1,300
Coats Viyella	814	Metal Box	572	Thorn EMI	398
Comm. Union	2,400	Midland Bank	1,500	Trafalgar House	938
Cons. Gold	194	NatWest Bank	1,400	T'house Forte	3,800
Cookson	128	Next	2,900	Ultramar	1,700
Courtaulds	2,700	Northern Foods	574	Unilever	815
Dalgety	131	Pearson	1,700	United Biscuits	2,800
Dee Corpn	2,900	Pearl Assurance	514	Wellcome	2,100
Dixons Group	7,300	P & O	2,700	Whitbread A	520
English China Clays	547	Pilkington Bros	4,100	Woolworth	1,800
		Plessey	2,600		

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	106	8
Corporations, Dominion and Foreign Bonds	5	26	24
Industrials	306	549	709
Financial and Properties	83	254	298
Oils	19	39	54
Plantations	1	5	8
Mines	21	82	94
Others	33	127	89
Totals	470	1,188	1,284

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 27%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Tue Jan 12 Index No.	Mon Jan 11 Index No.	Fri Jan 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (57)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (185)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household Products (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	Packaging & Paper (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Publishing & Printing (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (35)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	OTHER GROUPS (92)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Agencies (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Conglomerates (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	Miscellaneous (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (485)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oil & Gas (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (124)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (11)	[illegible]	[illegible]	–	4.07	–	0.00	354.15	[illegible]	[illegible]	[illegible]
69	Property (52)	976.36	–1.6	5.36	3.11	23.81	0.18	992.62	994.82	1011.17	822.19
70	Other Financial (30)	394.41	–0.4	9.21	4.13	13.72	0.64	396.16	394.11	400.29	398.76
71	Investment Trusts (86)	813.61	–0.8	–	3.13	–	0.32	820.10	828.41	827.84	908.05
81	Mining Finance (2)	445.56	+0.7	10.20	3.83	11.04	0.00	442.34	450.05	455.75	365.67
91	Overseas Traders (8)	980.78	+0.9	9.78	5.16	12.08	0.00	972.33	969.99	994.16	888.43
99	ALL-SHARE INDEX (720)	884.71	–0.4	–	4.25	–	0.15	888.52	895.83	904.43	879.65

	Index No.	Day's Change	Day's High	Day's Low	Jan 12	Jan 11	Jan 8	Jan 7	Jan 6	Year ago
FT-SE 100 SHARE INDEX ♦	1733.4	–5.8	1737.9	1719.5	1739.2	1760.2	1773.4	1787.2	1787.1	1765.2

FIXED INTEREST

	PRICE INDICES	Wed Jan 13	Day's change %	Tue Jan 12	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	122.41	–0.14	122.58	-	0.23
2	5-15 years	135.76	–0.86	136.95	-	0.88
3	Over 15 years	143.17	–1.10	144.76	-	0.00
4	Irredeemables	158.16	–0.72	159.30	-	0.00
5	All stocks	133.53	–0.68	134.45	-	0.12
	Index-Linked					
6	5 years	123.55	–0.12	123.71	-	0.00
7	Over 5 years	110.66	–1.27	112.08	-	0.15
8	All stocks	111.55	–1.17	112.87	-	0.14
9	Debentures & Loans	115.65	–0.13	115.80	-	0.28
10	Preference	86.66	+0.09	86.59	-	0.17

	AVERAGE GROSS REDEMPTION YIELDS		Wed Jan 13	Tue Jan 12	Year ago (approx.)
	British Government				
1	Low	5 years	9.14	9.03	9.59
2	Coupons	15 years	9.83	9.66	9.92
3		25 years	9.57	9.46	9.92
4	Medium	5 years	9.85	9.72	10.59
5	Coupons	15 years	10.01	9.85	10.21
6		25 years	9.79	9.66	10.01
7	High	5 years	9.94	9.82	10.69
8	Coupons	15 years	10.16	10.01	10.37
9		25 years	9.82	9.70	10.07
10	Irredeemables†		9.51	9.41	9.89
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.08	3.02	3.77
12	Inflation rate 5%	Over 5 yrs.	4.27	4.18	3.79
13	Inflation rate 10%	5 yrs.	3.59	3.53	2.31
14	Inflation rate 10%	Over 5 yrs.	4.37	4.28	3.64
15	Debs &	5 years	11.08	11.06	11.21
16	Loans	15 years	11.05	11.03	11.28
17		25 years	11.05	11.03	11.20
18	Preference†		10.47	10.48	11.68

♦Opening index 1737.5; 10 am 1734.0; 11 am 1723.9; Noon 1725.5; 1 pm 1727.8; 2 pm 1728.1; 3 pm 1723.7; 3.30 pm 1721.7; 4 pm 1727.1

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jul.	Puts Jan.	Puts Apr.	Puts Jul.
Allied Lyons (*327)	300	30	48	55	2	13	23
	330	10	30	40	10	27	37
	360	4	18	28	35	45	53
Brit. Airways (*156)	140	17	27	32	2	10	16
	160	5	17	23	8	17	26
	180	1	10	15	26	33	38
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
LASMO (*281)	260	38	53	63	17	32	39
	280	25	43	55	27	42	50
	300	19	33	45	37	52	60
P. & O. (*523)	460	73	88	98	6	20	30
	500	42	58	72	18	37	52
	550	15	34	55	45	63	82
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§72	F.P.	-	78	70	Atlantic Securities 5p	78		-	-	-	-
330	120	-	92	70½	British Petroleum	72½		N12.5	1.5	6.1	14.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

WORLD STOCK MARKETS

CANADA

TORONTO

Closing prices January 13

Sales	Stock	High	Low	Close	Chng
100	AMCA Int	$8⅝	8⅝	8⅝	
6769	Abitibi Pr	$26	25⅞	26	−⅛
7725	Agnico E	$22¼	22	22	
3769	Albrta En	$16½	16⅜	16⅜	−⅛
4880	Albrta N	$13¾	13½	13⅝	+⅛
575068	Alcan	$34½	33¾	34	−¼
24769	Algoma St	$15¾	15⅛	15¾	−⅛
50350	Asamera	$8⅝	8½	8⅝	−⅛
7346	Atco I f	$9¾	9¾	9¾	−⅛
1200	Atco II	$9⅝	9⅝	9⅝	
136899	Bell Can	$37	36½	36⅝	−¼
89344	Bk BCol	74	73	73	−1
750	BC Sugar A	$26¾	26¾	26¾	−¼
600	BGR A	$12	11¾	12	+½
9182	BP Canada	$18	17¾	17¾	−½
3500	Banister C	$7¾	7⅝	7¾	+⅛
75299	Bk Montl	$25⅞	25⅝	25⅝	−⅛
211799	Bk NScot	$13⅛	12⅞	12⅞	
244634	Bow Valy	$14⅞	14⅝	14¾	
900	Bralorne	132	131	131	−1
1000	Bramalea	$19¾	19¾	19¾	−¾
55800	Brascan A	$26	25½	25⅝	−⅜
14900	Brkwater	455	455	455	−5
2300	Brenda M	$17¾	17⅝	17¾	
3941	BC ForP	$18⅝	18¼	18⅝	
22575	BC Res	92	90	92	+1
6317	BC Phone	$26⅝	26½	26⅝	−⅛
2000	Brunswk	$12⅝	12⅝	12⅝	−⅛
83780	CAE	$7⅛	6⅞	7⅛	
8600	CCL B f	$7½	7½	7½	
775	Cambridg	$24½	24⅜	24½	+⅛
4000	Camp Res	195	195	195	
400	Camp Soup	$18½	18½	18½	
125518	Campeau f	$17⅝	17¼	17⅝	
100	Can Malt	$23¼	23¼	23¼	
4000	C Nor West	$18	17¾	17¾	−¼
2855	C Packrs	$14½	14¼	14¼	−⅛
70690	Cl Bk Com	$18⅝	18¼	18⅜	−¼
100	C Marconi	$17⅝	17⅝	17⅝	+¼
453353	CP Ltd	$21⅞	21⅝	21¾	

MONTREAL

Closing prices January 13

OVER-THE-COUNTER Nasdaq national market, closing prices

Continued from Page 35

Stock	Sales (Hds)	High	Low	Last	Chng
RgcyEl.20	25 475	3⅝	3½	3 11-16	−1-
Reginas	17 30	15⅝	15½	15½	
RegiBc .08e	7 10	14	14	14	−⅜
Repign	341	10¾	10¼	10¼	+¼
RepAm .24	11 96	14⅝	14½	14½	
ReutrH .96e	1754	54	52¾	53¾	−⅝
Rexon	9 89	5⅞	5⅝	5⅞	
ReyRy .76	9 78	17¼	16½	17¼	+¼
RhonPl	6	28⅛	28⅛	28⅛	−⅛
Ribilm	136	4⅝	4⅜	4⅝	+⅛
RohmHl.10e	887	14¾	14½	14⅝	−⅛
RiggsNt1.10	22 137	20¼	18¾	19½	−¾
SoftwA	11 47	7⅞	7¾	7⅞	−⅛
SftwPb	13 857	9⅛	8½	9	+⅝
SonocPs .52	15 388	22	21½	21⅝	+⅛
Sonora	80	6¼	6⅛	6¼	+⅛
SoundW	14 22	9¼	9¼	9¼	+¼
SCarNt .56	9 404	18¾	18⅝	18¾	+¼
Sounet	74 164	12¾	12¼	12⅝	−⅛
SohldSv	96	17⅝	17⅜	17½	
Soutrst .80	7 38	18⅛	17⅞	17⅞	−¼
Sovran 1.44	11 252	31¾	31½	31¾	
Spartcs	8 132	6⅝	6⅜	6⅜	
Standys .92	19 2052	39⅝	38¾	39½	+⅞
Ungmn	22 1912	7⅜	7	7⅜	+⅛
Unifi	10 882	18⅜	15¾	16¼	
UnPlntr .80	40 383	24	23¾	23⅞	−⅛
UACm .04	204 233	25	24½	24½	−½
UBCol	28 358	18	15¾	18	+⅛
UnCosF .55	7 2	17	16½	17	
UHltCr	361	4	3¾	3¾	
UtdSvrs .72	4 231	14	13½	13¾	−¼
USBcp .80	8 114	21½	21⅛	21⅜	−⅛
US HltC.16	155 960	6⅝	6⅛	6 3-16	−3-1
USTrst 1	12 325	39¼	38¾	38¾	
UStatn .28	16 435	17⅛	17	17	−¼
Wyse	13 2183	22¼	21⅝	22	−⅛
XOMA	741	13¼	12⅞	12¾	−⅜
Xicor	118 281	8⅝	8	8¼	−⅛
Xidex	958	6⅝	6⅜	6⅝	+⅛
Xylogic	9 56	9¾	9¼	9¾	+¼
Xyvsn	17 126	6½	6¼	6½	−⅛
YlowFs .62	20 1111	28¼	28	28	−⅜
ZionUt 1.44	104	24¾	24	24	
Zondvn	154	8⅞	8⅜	8⅞	+½
Zycad	643	3⅞	3⅝	3¾	

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Bespak	210	+ 10
Britoil	465	+ 12
Burtonwood Brewery	150	+ 20
MS International	111	+ 10
Pearson	770	+ 65
Pilkington	242	+ 8
South'n Business Gp	308	+ 19
Spectrum	57	+ 9
FALLS		
Treas. 8¾% 1997	592⅛	− 1⅛
Assoc. Newspapers	468	− 11
BOC Group	391	− 12
Dixons	186	− 16
Land Securities	460	− 10
Legal & General	286	− 12
MEPC	440	− 12
M.L. Holdings	122	− 11
Slough Estates	234	8
Sturge Holdings	405	20
Tate & Lyle	773	17

TOKYO - Most Active Stocks

Wednesday, January 13 1988

	Stocks Traded	Closing Prices	Change on day
Sumitomo Chem	46.38m	962	-16
Kawasaki Steel	27.86m	321	-14
Ishikawajima-Harima Heavy Ind	25.46m	658	-20
Kobe Steel	18.02m	300	-8
Fujitsu	11.03m	1,390	-20
Sumitomo Heavy Ind	10.20m	500	-20
Ichikoh Ind	9.06m	695	+47
Nippon Steel	7.74m	374m	-8
Kawasaki Heavy Ind	6.77m	289	-3
Kamigumi	6.30m	675	-13

Indices

NEW YORK — DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 35

هكذا من الأصل

NYSE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33½	20½	PetRs 3.90e		17.		34	22⅞	22⅝	22⅞	+¼
19¾	15	PetRs pf1.57		10.		6	15¾	15⅝	15¾	
2⅛	¾	Ptrlnv .16e		14.		10	1¼	1⅛	1⅛	
77	40	Pfizer	1.80	3.8	12	2742	50½	48¾	49⅞	
59	23¾	PhelpD .80		1.5	20	3272	40⅝	39⅝	40⅛	−½
74	37	PhlpD pf 3		5.3		254	56½	56	56½	+½
26	16¾	PhilaEl2.20		11.	9	1893	19½	18¾	19¼	+⅜
45½	34	PhE	pfA3.80	9.4		z100	40½	40½	40½	
67⅞	52¼	PhE	pfE 7	11.		z10	63⅝	63¾	63¾	+1
97⅛	69	PhE	pfG8.75	11.		z500	78⅝	77¾	78½	+⅜
105	85	PhE	pfS9.50	11.		z150	88	88	88	−1⅛
13¾	11	PhE	pfR1.41	11.		19	12⅞	12⅛	12⅝	
13	9⅞	PhE	pfP1.33	11.		27	11⅝	11⅝	11⅝	
82⅝	65⅝	PhE	pfH7.85	11.		z150	71	71	71	+2
12⅞	9¾	PhE	pfO1.28	11.		38	11⅝	11⅛	11⅝	+⅛
120½	110	PhE	pfM15.25	13.		z270	119¾	119	119¾	−½
105	86	PhE	pfL9.52	10.		z50	91	91	91	+1
102	79	PhE	pfK9.50	11.		z710	88¼	84	84	−2¼
88	64	PhE	pfJ7.80	11.		z690	72½	70¾	70¾	−1
19	12⅛	PhilSub .94		7.0	13	35	13⅝	13⅜	13⅜	
124½	76¾	PhilMr 3.60		4.3	12	6194	85⅝	83	84⅛	−¼
23⅞	12½	Philpln .44		2.5	13	781	18½	17⅛	17⅝	−⅜
27⅝	13¾	PhilGl .85e		6.1	7	882	14⅛	13¾	14	−¼
18¾	10	PhilPet .60		4.7		9896	13	12½	12¾	
26½	7½	PhlVH s .28		2.7	5	159	10½	9¾	10½	+⅝
11¾	3⅝	Phicorp				398	6¾	3⅝	3½	+¼
26¼	17½	PiedNG1.32		6.7	9	19	19¾	19½	19¾	+¼
14⅝	4¾	Pier 1	.06	1.0	8	129	6⅛	5⅞	6	−⅛
9½	5¼	PilgRg .22e		3.4		225	6⅝	6⅜	6½	−⅛
15⅝	3⅝	PilgPr .06e		1.4	9	243	4¼	4	4¼	+¼
48⅞	28	Plsbry1.12		3.4	14	2613	33¾	32⅝	33⅜	−½

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
65	50	Xerox	3	5.2	12	2793	58¼	56¾	57¾	−¼
58¼	52½	Xerox pf5.45		10.		149	53¾	53⅝	53⅝	
31½	19⅛	XTRA	.64	2.6	16	210	25	24¼	24⅝	−⅜
28¼	19½	XTRA pf1.94		8.3		515	23⅞	23	23⅜	+⅛
33⅜	17½	Yorkln			9	69	22½	22½	22½	−⅜
7¼	2¼	Zapata				193	2⅝	2½	2⅝	
37	13½	Zayre	.40	2.6	6	3718	15⅜	14½	15⅛	·½
16⅛	8¾	Zemex	.40	4.2	8	3	9½	9½	9½	
33⅝	10	ZenithE				1046	15	14¾	15	−⅛
13½	2½	ZenLab				640	3	2¾	2¾	−¼
26	13½	ZenNtl	.80	4.9	8	13	16⅜	16⅜	16⅜	+⅛
20⅜	11⅝	Zero	.36	2.5	14	355	14¼	14	14⅛	−⅜
30¾	15	Zurnln s .68		3.4	13	152	20⅜	19⅝	20	+½
10⅝	7⅜	Zweig 1.08e		12.		379	9⅛	9	9⅛	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div	P/E	Sls 100s	High	Low	Close	Chnge
AT&E			131	8¼	7⅝	8¼	+ ¼
AcmePr			10	2⅞	2⅞	2⅞	− ¼
Actone		4	6	13	12⅞	13	− ⅛
AlbaW		51	8	6⅝	6⅝	6⅝	
Alphaln			69	3⅝	3½	3½	− ⅛
Alza		131	1205	26⅝	25½	26⅛	− ⅛
Amdahl	.20	14	1409	32⅝	30⅛	31⅞	+1
Alarael	.31e	7	4	19⅝	19¼	19¼	

Stock	Div	P/E	Sls 100s	High	Low	Close	Chnge
Delmed			186	⅞	¾	¾	− ⅛
Dillard	.16	12	283	29¾	28⅞	29¼	− ½
Diodes			28	2	1⅞	2	− ⅛
DomeP			253	¾	11-16	¾	
Ducom	.20	13	66	11	10¾	11	+ ⅛
Duplex	.66	13	6	19¾	19⅝	19⅝	− ⅜
E	E						
EagIC1			30	1⅛	1	1	− ¼
EstnCo	1a	12	1	28¾	28¾	28¾	
Estgp	2.90e	8	121	21⅝	21¾	21¾	− ¼
EchB gs	.07		2287	22	21⅝	21¾	− ⅛
EcolEn	.08e	15	24	11	10⅞	10⅞	− ⅜
Elsinor			875	2¼	2	2⅛	− ⅛
EmpirA	.25e		195	3¼	3	3¼	+ ⅛
ENSCO		14	609	2¾	2½	2⅝	
AMzeB	.52	5	8	12⅝	12¼	12⅞	− ⅛
AMBld			215	1⅝	1⅝	1⅝	
APaif	.50e	10	9	59½	59½	59½	− ⅛
APrec	.20	50	1	14	14	14	− ⅛

Stock	Div	P/E	Sls 100s	High	Low	Close	Chnge
InstSy		9	155	1⅝	1⅛	1⅛	
IntlgSy	1.15e	4	58	4⅞	4¾	4¾	− ⅛
IntCtyg	.72	5	77	12¾	12¾	12¾	
Intrmk	.11	138	336	11¼	10	11	+1
IntBknt			649	3⅝	3	3¼	
IroqBrd		11	37	21⅞	21⅜	21½	− ½
J	K						
Jacobs		21	6	16⅞	16¾	16¾	− ⅛
Jetron			150	2½	2½	2½	− ⅛
JohnPd		18	21	3	2⅞	3	+ ⅛
KayCp	.12	4	5	8¾	8½	8½	− ¼
Kirby			444	3⅝	3⅛	3⅝	+ ¼
KogerC	2.40	114	53	25¼	25	25	− ¼

Stock	Div	P/E	Sls 100s	High	Low	Close	Chnge
PhlLDs	.08l	4	336	7¼	6⅞	6⅞	− ¼
PitDsm			3	20¼	20	20	
PopeEv			115	⅞	¾	¾	− 1-1
PresdA	.10		17	5⅛	5	5	
ProCms			131	11¾	11½	11⅝	+ ⅛
R	R						
Ransbg			60	9¾	9½	9¾	+ ⅛
Rearl A			568	13¼	12¼	12⅞	+ ¼
Rogers	.12	21	23	21	20½	20⅝	− ⅜
Rudick	.32a	12	15	17½	17½	17½	+ ⅛

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
A&WBd	144 195	11⅝	11	11½	+ ¼
ADCs	14 97	16½	15¾	16¼	− ¼
ASK	12 187	7⅜	7	7¼	+ ½
AST	10 1437	8¾	8⅛	8⅜	− ¼
Actmds	20 2607	12¼	d10½	10⅝	−2⅜
Acusn	26 1030	16¾	15¾	16¼	− ¼
Adapt	8 49	6	6	6	
AdiaSv .10	15 358	15¾	15	15⅜	+ ⅛
AdobSs	34 1444	29	27	28⅝	
AdvTel	13 437	15¼	14⅛	14¾	+ ¼
AdvoSy	525	5¾	5⅝	5¾	+ ½
AffBsh	22 293	12⅝	12⅛	12⅝	+ ¼
AgcyR	18 108	17½	17¼	17¼	

Stock	Sales (Hnds)	High	Low	Last	Chng
ChipsTc	14 1465	16½	15¼	16⅛	+ ⅛
Chiron	1264	18	17	17¼	− ½
ChrDwt .22	20 108	11⅞	11⅝	11⅝	− ¼
CinnFn1.52b	8 414	43	41¼	43	+1¾
Cintass	21 2109	25½	24½	25	− ½
Cipher	23 618	6½	6¼	6⅜	
CirclEx	7 133	4⅞	4⅝	4¾	
CtzSoCp1.12	9 1773	21½	21⅛	21½	− ⅛
CtzFGs .68	8 920	16	15⅝	15⅝	
CtzU As	18 246	27	26¼	26½	− ½
CityFed .04	2635	5	4⅝	4⅞	+ ⅛
CtyNC .64b	11 259	21	20¾	21	− ¼
CityBcp1.12	7 20	38¾	38¼	38½	−1

Stock	Sales (Hnds)	High	Low	Last	Chng
FMdBs 1	8 21	25¼	24¾	24¾	
FNCinn1.56	10 66	36	35¾	35¾	− ⅜
FSecC 1.10	24 208	21½	20¾	21½	+ ½
FtSvBk	7 69	8¼	8	8	
FTenns 1.24	8 108	23	22⅝	22⅞	+ ¼
FstUCs .80	8 982	19⅞	19½	19⅞	+ ¼
FtValy .94	11 43	28¾	28¼	28¼	− ¾
FtWFn .28	7 413	7½	7	7½	+ ½
Flustar 1.10	11 6	31⅞	31½	31⅞	+ ⅜
Fiserv	19 19	16¾	16½	16½	
FishSci	756	17¼	16¾	17	− ¼
FlaFdl	327	5½	5	5¼	− ⅜
FlaNBF .48	14 114	14	13⅝	13¾	− ¼

Stock	Sales (Hnds)	High	Low	Last	Chng
LSI Lg	51 1406	9⅝	9	9¼	
LTX	453	11¾	10¾	11¼	+ ½
LaPete	31 292	18⅛	17¾	17⅞	− ⅜
Lacang	26	9¾	9⅝	9¾	
LaddFr .16	8 92	12¾	12¼	12¼	− ¾
LdlTB s .20	32 499	13⅝	13¼	13½	− ⅛
LamRs	51	6¼	6⅛	6¼	
Lancsts.88b	12 40	17¼	17	17¼	− ¼
Lances .64	15 365	17¾	17½	17½	− ¼
Lawsns .32	18 167	29½	29	29	
LeeDta	61	3	2⅞	3	
Liebr	13 53	15¾	15½	15¾	
LfeTch	16 23	13	12½	12½	− ½
LinBrds	14 2720	41¾	40¾	41½	+ ⅜

Continued on Page 33

FINANCIAL TIMES Thursday January 14 1988

AMERICA

Shares post gains as dollar rises

Wall Street

US EQUITIES and bonds profited mildly yesterday afternoon from a rebound in the dollar after a joint statement by President Reagan and Mr Noburu Takeshita, Japanese Prime Minister, restating their commitment to currency stability, *writes Janet Bush in New York*.

Particularly encouraging for the dollar was a White House briefing in which an Administration official said arrangements had been made to ensure that the Federal Reserve had ample Japanese yen with which to buy dollars.

Share prices had started the day drifting lower as the volatility of the last few days and extreme caution prior to tomorrow's November trade figures kept many investors away from the market. However, the Dow Jones Industrial Average moved gradually higher towards midsession and was given a boost by the dollar's rise.

Having been trading around 15 points higher shortly before the close, the Dow then dipped to close 3.82 points lower at 1,924.73. These movements lacked conviction, and volume at 154m shares, was very low.

All financial markets were dominated by attempts to guess what tomorrow's trade figures will be. The dollar had dropped on trade worries early yesterday, prompting a round of well-publicised central bank intervention by a number of European banks and, reportedly, the US Federal Reserve.

The dollar weakness contributed to the early decline in share prices and also undermined bonds at the opening. By the close, however, prices had picked up and the Treasury's *30-year 8.875 per cent issue* was quoted ⅝ point higher in late trading.

Trading in the bond market has been extremely cautious all week.

The equity market has run out of steam and day-to-day fluctuations in different directions seem to have little rationale behind them. After the shock of Friday's 140 point fall, few investors are willing to dip their toes into the market. A huge measure of uncertainty surrounds the dollar and there is a great deal of nervousness about the whole subject of programme trading which has even more influence on the direction of the market in thin trading.

On the equity market, technology issues started weak but picked up some ground in afternoon trading. Digital Equipment, expected to announce its second quarter results this week, dropped $2 to $122¾, remaining under the selling pressure which emerged on Tuesday after two brokers were reported to have downgraded the company.

Digital was also a focus of attention after reports that the company was about to announce an agreement with Apple Computer in which the two companies would jointly develop products which link their computers. Apple added $¼ to $42¼, reflecting weakness in the sector as a whole.

Unisys added $½ to $32½ *after a forecast of double digit* profit growth this year from the company's chief executive. Hewlett-Packard fell $⅛ to $54 ¼, Data General was $⅞ higher at $25⅛ while Telex rose $1¼ to $57⅛.

Farmers Group, the Los Angeles-based insurance group, soared $11¼ to $54¼, an all-time closing high for the company, after news that a subsidiary of B.A.T. Industries is offering *$60* a share in cash or $4.2bn for the company.

Eastman Kodak ended $1 higher at $49. The company yesterday announced it had entered the colour copier market with the introduction of two models.

E-II Holdings rose $⅛ to $10½ after the company announced a third quarter loss of $131.9m compared with a profit of $8.8m a year earlier. It attributed the loss to unrealized market losses of $147.5m on its portfolio of marketable securities reflecting the downturn in world equity markets.

Ashton-Tate and Microsoft yesterday announced a software product, enhanced with technology from Microsoft and database technology from Ashton-Tate. Ashton-Tate dropped $2⅝ to $24 ¾ while Microsoft was unchanged at $56¾.

The oil sector was uninspired in spite of a continued rally in crude oil prices from extreme weakness early on Tuesday. Exxon slipped $¼ to $39⅛, Chevron was $⅛ higher at $40⅛ and, in over-the-counter trading, Hamilton Oil was unchanged at $23.

Atlantic Richfield, which has to date built up a 23.59 per cent stake in Britoil, added $½ to $69¼. Phillips Petroleum, whose British subsidiary yesterday said it had discovered gas in an exploratory well in the North Sea, was unchanged at $12¾.

Canada

METALS and industrials pulled Toronto lower in thin trading. Early losses were trimmed slightly by midsession.

Base metals saw Noranda ease C$⅛ to C$22⅞ and Alcan Aluminium shed C$¼ to C$34 while Inco moved C$⅛ lower to C$26.

In the gold sector, International Corona fell C$½ to C$42 but Lac Minerals stayed steady at C$13⅛.

The most active stocks included Canadian Pacific, off C$⅜ at *C$21⅛*, and *Placer* Dome, unchanged at C$18¾.

Blue chips fell across the board, with Seagram down C$⅞ at C$70¼ and Bell Canada Enterprises off C$⅛ at C$36¾. *Northern Telecom lost C$¼ to* C$22⅞.

Among industrials, Stelco A lost C$⅛ to C$22¼ but Dofasco firmed C$⅛ to C$26¾.

Montreal eased, but the Vancouver index showed no change.

SOUTH AFRICA

CAUTION brought trade in Johannesburg gold shares to a virtual standstill as prices eased marginally in very light trade. Investors held back before tomorrow's US trade news.

Leading gold Vaal Reefs added R8 to R318, but in trade of only a few thousand shares. Randfontein closed R10 lower at R255 and Driefontein slipped *R1.50 to* R37.50.

Harmony edged 75 cents down to R31.75 to take its losses over the past two days to R3.50. The group is part of Rand Mines, which this week reported poor results for the fourth quarter of 1987.

Mining houses weakened broadly with golds, Anglo American by R1.25 to R50.75. Diamond stock De Beers ended 75 cents down at R30.

Industrials were barely traded and ended mostly *unchanged*. Barlow Rand, though, inched 15 cents higher to R21.25.

Tom Burns in Madrid charts the arguments for and against a solid recovery in one of Europe's 'exotic' markets

Madrid bulls unflustered by changing pace in ring

THERE ARE those who say the clarion calls will shortly announce a new *corrida* season for the Spanish share market, arguing that the bulls could soon be ready to run once more after the October collapse.

A feeling that "we should have a decent market this year", as one Madrid broker said, might gain ground.

Should the bulls run, then the pace will nevertheless be quite a different one. One thing which has been learnt over the past three months is that the *bolsa* now moves, or retreats, more in step with the rest of the world's markets.

Madrid climbed higher than most and fell harder than the majority. The October crash coincided with the end of the *corrida* season and by then the bull was very much dead.

Some gain comfort from the fact that Madrid's general index, in the middle of the tailspin, did not dip below the psychological 200 mark. It began 1987 at 208.31 and ended the year at 227.18, a gain of 9.05 per cent.

But a freefall with a vengeance there most certainly was. From a record high of 328 on October 6 the Madrid index had dropped to 212 on October 29. In the month following the crash, the main Spanish *bolsa* shed about Pta3 trillion (million million) – equivalent to $27bn – or 38 per cent of its value.

By year's end the trend was reversing, albeit timidly. Initial trading this month indicated that nervousness could be on the wane.

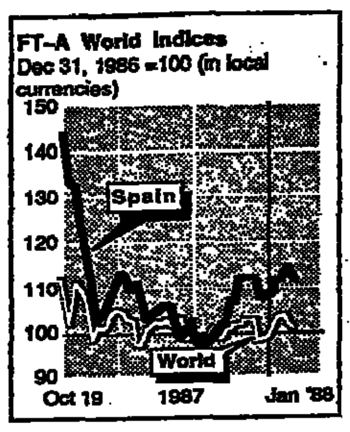
The mood, however, remained cautious. Liquidity has been regularly cited as a key *bolsa* problem and this was sharply highlighted after the collapse. At the beginning of last month, daily trading volume had fallen to Pta7m-Pta9m from Pta20m in the heady days of early October.

Upbeat analysts point to healthy fundamentals – Spain's GDP grew 4.5 per cent last year – and stress that the economy has "a lot to offer". Domestic companies have strong balance sheets and indicators look in better shape in Spain than they have done at any stage since the 1973 recession.

Corporate cash flow has undoubtedly generated confidence, as has the view that the economic restructuring of the past years is beginning to bear fruit.

London-based brokers SBCI *Savory Milln* are bullish, commenting: "The one weakness is likely to be the matador spirit of Spanish investors which tends to drive the market ahead too soon and too fast."

Phillips & Drew also regards Spain as one of the better European prospects, noting that its geographic position is favourable for Arab investments. Buying of *industrial and banking stocks* by the Kuwait Investment Office's local arm, Torras Hostench, helped lift Madrid to records last July.



In its first quarter World Investment *Review*, the securities firm adds that although the Banco Bilbao takeover bid for Banesto has been called off, "mergers and takeovers in the banking sector look set to continue, given the urgent need for rationalisation in the sector ahead of the removal of restrictions on European banks in 1992".

However, there are others who, acting on the belief that the party is over after four strong years of above average growth, forsee the potentially depressive effects of a credit squeeze by the end of this year.

There is concern in particular over a dwindling current account balance and some forecasts speak of a switch from a $2bn surplus at the end of last year to a $2bn deficit at the end of the present one.

Such dire predictions rest essentially on the soaring import growth of about 40 per cent that Spain has witnessed during 1987 and on the prospects of more of the *same this year following* a 15 per cent cut in import tariffs on January 1 in accordance with Spain's transition timetable to full EC membership.

Income from tourism, a big component in the current account surpluses of recent years, could feel the effect this year of October's crash while the combination of a strong peseta and a world market slowdown may hit exports.

Claiming that the bolsa's timid rally is merely the calm before further storms, there are those who argue that so-called exotic markets such as Madrid's are set to suffer most and for longer from October's world panic. From now on any money made triggers immediate profit-taking and there are doomsayers who forsee a drop in the general index as the year wears on to the 150 mark.

On the other hand, Savory Milln says that those worried about the market's further vulnerability to foreign selling should take comfort from the *fact* that selling by foreigners overtook buying in 1987, leaving foreigners now holding only Pta65bn worth of shares.

One discernible trend among financial advisers and analysts is to urge investors to diversify their portfolios with government bonds, in particular short-term debt.

EUROPE

Drizzle of selling dampens bourses in light trade

EUROPEAN investors proved reluctant to commit themselves before discovering tomorrow the US trade figures for November and the effect of these on *the dollar. Light selling* predominated to push bourses uniformly lower.

FRANKFURT closed down touching the day's lows in a session unsettled by the weak dollar during early trade and uncertainty over the US trade figures. The midsession Commerzbank index showed a loss of 29.5 at 1,246.8, while the FAZ closing index was 7.86 down at 408.01.

Turnover was thin and professionals stood aside before tomorrow's news. There was a bout of foreign selling, though, and high-tech Nixdorf bore the brunt with a DM35 tumble to *DM533, a 6.3* per cent fall. Leading electrical Siemens cheapened DM8.80 to DM342.50.

Cars suffered a relapse, with BMW finding no favour from *news of a 10 per cent rise in* sales for 1987: it fell DM12 to DM449. VW dipped DM8.50 to DM205.50 while Daimler lost another DM22 to DM552.50.

Banks also skidded, led by Deutsche Bank's DM13 tumble to DM391.50. Dresdner fell DM4.70 to DM224 and Commerzbank lost DM5.50 to DM205. Insurer Allianz was DM34 off at DM1,122.

***ZURICH** was also depressed* as the dollar's weakness during the session compounded market jitters in light trade.

Financials slid, Union Bank by SFr70 to SFr3,010, Credit Suisse by SFr70 to SFr2,330 and Swiss Bank by SFr6 to SFr325. Insurers Winterthur and Zurich fell SFr150 and SFr200 in turn to SFr4,675 and SFr4,850, while Swiss Re dipped SFr60 to SFr100.

Hoffmann-La Roche "baby" shares eased SFr275 to SFr9,125. The group said it would co-operate with the US Securities and Exchange Commission investigations into its *bid for Sterling Drug.*

Engineers weakened as Georg Fischer lost SFr40 to SFr660 and Alusuisse SFr19 to SFr461.

AMSTERDAM fell but heaved itself off the day's lows as co-ordinated central bank intervention helped support the dollar in late dealings. The CBS all-share tendency index slipped 1.6 to 67.7.

Internationals led the retreat, Akzo giving up Fl 1.80 to Fl 88.70, KLM Fl 1.10 to Fl 29.20, though Unilever edged up 50 cents to Fl 102.20.

Philips resumed its slide with a Fl 1.40 tumble to Fl 24.60 after Tuesday's news it expects 1987 profits to undershoot the previous year's.

BRUSSELS sank further under the weight of the dollar's *early weakness. The cash index* lost 31.67 to 3,698.07.

Reservé, the share of Société Générale de Belgique, rose a further BFr70 to BFr2,830 to complete a 26 per cent rise since January 4 when heavy buying emerged in the stock. Yesterday's rise, ascribed to French buying, revived rumours that a raider was building a stake in the holding group, Belgium's biggest.

PARIS fell and stayed on its lows. The 50-share bourse indicator showed a 2.36 fall from Tuesday's close.

Oil group Elf Aquitaine finished FFr9.50 down at FFr235. Its chairman said he did not expect a rapid privatisation of the state-controlled group.

MILAN softened in meagre trade. The MIB index lost 0.89 per cent to close at 999.

Montedison was a rare exception with a gain of L38 to L1,298 on strong foreign and domestic buying.

MADRID eased in quiet trade. The all-share index was *1.74 off at 233.75.*

OSLO was pushed lower by a fall in North Sea oil prices. The all-share index closed 2.38 off at 262.18.

STOCKHOLM eased broadly, with the Affaersvaerlden general index falling 0.4 per cent to 674.2.

London

TRADE in London equities fell into limbo as the dollar softened further and professionals were in abeyance before tomorrow's US trade news.

The FT-SE 100 index lost 5.8 to 1,733.4. Internationals posted another poor performance on currency worries.

ASIA

Stronger yen drives Nikkei lower

Tokyo

DEMAND for Tokyo stocks was dampened yesterday by the overnight fall on Wall Street and the yen's renewed strength which sent prices sharply lower, *writes Shigeo Nishiwaki of Jiji Press*.

The Nikkei average weakened 300.06 to 22,324.99, with turnover dwindling to 447m shares from Tuesday's 534m. Declines outran advances by 670 to 205, with 135 issues unchanged.

Leading high-technology and big capitalisation stocks lost strength across the board, while cars and speculative issues found favour.

Institutional investors held out of the market before three consecutive days of holiday starting tomorrow, when US trade data for November are also released. There was some *small-lot selling by individuals.*

Car-part makers fared among the best, aided by strong vehicle sales. Ichikoh Industries climbed Y47 to Y695 on volume of 9.06m shares, Koito rose *Y120 to Y1,800 and Akebono* Brake Industry Y81 to Y614.

Large capitals turned down on a wide front. Sumitomo Chemical, the busiest stock with 46.39m shares, shed Y16 to Y962 and Kawasaki Steel, second busiest with 27.86m shares, lost Y14 to Y321.

Leading high techs fell further in light selling as the yen *rose to around* Y125 against the dollar. NEC weakened Y60 to Y1,980, Sony Y90 to Y4,780 and Kyocera Y80 to Y5,410.

South Korean share prices weathered *a bout of profit-taking* after Tuesday's leap, rising strongly for the seventh successive session. The composite stock index added 9.98 to scale a peak of 581.27. Turnover of Won 339.6bn ($429m) was also a new high.

Financials were also hurt, with Sumitomo Bank falling *Y20 to Y3,200* and Nomura Securities Y70 to Y2,900.

Speculative stocks raced ahead, with Gajoen Kanko, a Tokyo-based hotel and restaurant operator, bounding Y330 *higher to Y2,420, and boiler* maker Takuma rising Y140 to Y1,390.

Bond prices continued to soar in nervous trade, helped by lower *short-term interest rates* as well as a stronger yen. The advance gathered momentum on buying by dealers, triggered by news that the Bank of Japan is considering further falls in *short-term rates.*

The yield on the bellwether 5.0 per cent government bond maturing in December 1997 declined from Tuesday's 4.490 per cent finish to 4.440 per cent in block trading on the Tokyo Stock Exchange. It fell further to a low of 4.335 per cent in inter-dealer trading.

On the Osaka Securities Exchange, the stock average plunged 247.33 to 22,684.69 in dull trading, with volume estimated at 65m shares, down 22m shares.

Nintendo sagged Y320 to Y8,080, but Tsudakoma, a textile machine maker, revived Y80 to Y1,160.

Singapore

QUALITY stocks suffered the *hardest falls as Singapore share* prices reversed most of Tuesday's gains in thin trading. The Straits Times industrial index lost 16.55 to 853.90 following *falls in global markets.*

Singapore Airlines shed 35 cents to S$9.15 and DBS lost 20 cents to S$9.40.

Australia

FEARS of poor US trade figures tomorrow kept investors out of the Sydney market, where the All Ordinaries index ended 12.4 lower at 1,272.8.

Overnight declines in bullion and crude oil prices depressed golds and resources. Bell Resources shed 8 cents to A$1.37, and Kidston ended off 10 cents at A$4.30.

Among industrials, News Corp fell 40 cents to A$12.30 and ANZ 12 cents to A$3.45.

Hong Kong

PROPERTIES headed a downturn in thin, nervous Hong Kong trading which saw the Hang Seng index lose 58.62 to 2,383.79.

The weakness in the dollar *and the Tokyo market under*mined sentiment.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JANUARY 13 1988					TUESDAY JANUARY 12 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (93)	98.94	−0.4	80.38	92.26	4.90	99.31	80.86	93.23	180.81	85.36	100.08
Austria (16)	93.46	−0.9	75.92	79.29	2.64	94.31	76.79	80.05	102.87	85.53	100.21
Belgium (48)	101.72	−1.0	82.64	86.05	5.51	102.72	83.63	87.01	134.89	94.63	100.20
Canada (127)	110.30	−0.4	89.61	102.92	3.02	110.79	90.20	103.13	141.78	98.15	107.79
Denmark (38)	115.04	+0.1	93.45	98.10	3.02	114.96	93.59	98.15	124.83	98.18	112.06
Finland (23)	110.01	−0.9	89.37	91.85	1.62	111.00	90.37	93.09	–	–	–
France (124)	80.99	−2.1	65.79	70.03	4.23	82.77	67.38	71.67	121.82	77.39	108.10
West Germany (94)	71.77	−1.8	58.31	60.95	3.05	73.10	59.51	62.14	104.93	68.91	97.57
Hong Kong (46)	91.18	−2.5	74.07	91.03	5.77	93.49	76.11	93.36	158.68	73.92	101.57
Ireland (14)	108.60	−1.2	88.22	94.08	4.81	109.97	89.53	95.38	160.22	93.50	107.63
Italy (94)	75.33	−0.6	61.20	67.51	2.83	75.78	61.70	68.03	112.11	72.04	101.16
Japan (457)	139.47	−0.8	113.30	111.61	0.63	140.61	114.48	113.24	161.28	100.00	106.20
Malaysia (36)	114.67	−1.3	93.16	111.56	3.34	116.22	94.62	113.11	193.64	93.76	109.42
Mexico (14)	94.16	−0.5	76.50	230.62	1.54	94.64	77.05	231.27	422.59	94.16	119.12
Netherland (37)	95.98	−1.3	77.97	80.36	5.60	97.27	79.19	81.55	131.41	87.70	103.74
New Zealand (24)	78.71	−0.1	63.94	63.28	5.19	78.81	64.16	63.84	138.99	73.39	98.50
Norway (24)	105.35	−2.9	85.58	90.05	3.03	108.45	88.30	93.47	185.01	95.51	103.96
Singapore (26)	99.71	−1.8	81.00	93.07	2.60	101.55	82.68	94.73	174.28	81.21	109.63
South Africa (61)	130.75	−1.6	106.21	87.95	4.85	132.87	108.18	89.38	198.09	100.00	113.58
Spain (43)	132.35	−0.1	107.51	111.09	3.64	132.54	107.91	111.70	168.81	100.00	113.47
Sweden (34)	97.81	−1.4	79.46	85.72	2.67	99.23	80.79	87.15	136.64	88.50	91.17
Switzerland (53)	77.96	−2.3	63.33	64.28	2.58	79.79	64.96	66.01	111.11	73.65	103.45
United Kingdom (331)	130.49	−0.2	106.00	106.00	4.40	130.75	106.45	106.45	162.87	99.65	106.69
USA (588)	100.29	+0.3	81.48	100.29	3.69	100.00	81.42	100.00	137.42	91.21	108.60
Europe (973)	101.19	−0.8	82.20	84.56	4.01	102.05	83.08	85.45	130.02	92.25	103.86
Pacific Basin (682)	136.03	−0.8	110.51	109.93	0.86	137.17	111.68	111.54	158.77	100.00	105.82
Euro–Pacific (1655)	122.13	−0.8	99.22	99.77	1.91	123.16	100.27	101.09	143.65	100.00	105.04
North America (715)	100.83	+0.3	81.91	100.46	3.65	100.57	81.88	100.19	137.55	91.68	108.56
Europe Ex. UK (642)	83.04	−1.5	67.46	71.04	3.63	84.26	68.60	72.21	111.97	78.89	98.30
Pacific Ex. Japan (225)	94.56	−1.1	76.82	89.16	5.04	95.66	77.89	90.57	164.03	82.92	102.47
World Ex. US (1857)	121.81	−0.8	98.95	99.87	1.98	122.83	100.00	101.16	143.38	100.00	105.24
World Ex. UK (2114)	111.80	−0.5	90.83	99.35	2.35	112.34	91.47	100.14	138.82	100.00	106.55
World Ex. So. Af. (2384)	113.35	−0.4	92.08	100.04	2.54	113.86	92.70	100.78	139.47	100.00	106.52
World Ex. Japan (1988)	101.01	−0.2	82.06	94.36	3.84	101.23	82.41	94.63	134.22	92.98	106.73
The World Index (2445)	113.46	−0.5	92.17	99.98	2.56	113.98	92.80	100.73	139.73	100.00	106.56

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).